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It Takes Two to Tangle

Public-Private Partnerships and their impact on Public Values



Anne-Marie Reynaers

It Takes Two to Tangle



Throughout the Western world, governments form public-private partnerships (PPPs) to carry out public works and provide services. While PPPs are often scrutinized in terms of their efficiency, their impact on other public values has been neglected. That neglect forms the basis for this book which provides in-depth insight into accountability, transparency, responsiveness, responsibility and quality in four Dutch PPPs. It reveals to what extent and under what circumstances public values are threatened, and identifies the conditions that tend to safeguard or enhance them.

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It Takes Two to Tangle
Public-Private Partnerships and their Impact on Public Values

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It Takes Two to Tangle
Public-Private Partnerships and their Impact on Public Values

ACADEMISCH PROEFSCHRIFT

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door

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Acknowledgements

August 20th, 2009. My first working day at the VU University Amsterdam as a PhD candidate. The sun shone. I went in to my office and turned on the computer. I was all alone. I sat down and after contemplating the absence of any decoration, the silence of the empty corridor, and the noisy streets of Amsterdam, I wondered: how does one write a thesis and where does one start? Killing time, I decided to explore the web for possibly interesting literature and turned on the computer. The browser appeared. I typed in some key words followed by a hopeful and energetic ‘enter’ with which the journey began.

My starting place was Reading and on the way I visited Thinking and Writing before it was time for a brief pit stop. I continued, visiting Reading, Thinking and Writing once more: a journey during which I almost lost sight of the track and took side-roads leading to nowhere. Fortunately, I always managed to keep the engine running and by the time I discovered what final destination would be appropriate, my thesis and I had become good travelling companions. On arrival, I first took some time in silence and solitude to consider the kilometers covered. After that, I went for a walk to see where Route 66 had brought me. I sat down, took out my note book, and wrote: this place here is splendid, but not as splendid as the journey just made. I parked the car and, who knows, it may serve me well for another grand trip to be made in the future.

It has been four years and I sit behind my desk again. I stare at the decorated walls while contemplating the silence of the empty corridor, and the noisy streets of Amsterdam. I am almost ready to go, but a little yellow post-it has just reminded me that the acknowledgements still have to be written. I turn on the computer, and while thinking about what to write, and to whom, I realize that, traveling this far would have been impossible without the help, support, inspiration, love, laughter and care of family, friends and colleagues.

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I have saved my last words of gratitude, for him who already knows. This splendid journey would not have been half so splendid were it not for you. Thank you so much for your support, your advice, for helping me to get my feet back on the ground when trying to solve the unsolvable, for your friendship and appreciation. It is an honor to be accompanied by you while discovering what life and love is about.

I'm no great runner, by any means.

I'm at an ordinary - or perhaps more like mediocre - level.

But that's not the point.

The point is whether or not I improved over yesterday.

*In long-distance running the only opponent you have to beat is yourself,
the way you used to be."*

(Haruki Murakami, What I talk about when I talk about running)

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Part I
Introduction

1 Public-Private Partnerships through the Lens of Public Values

1.1 Introduction

On October 29th 2012, the Dutch coalition cabinet Rutte II formed by the People's Party for Freedom and Democracy (VVD) and the Labor Party (PvdA), announced that the new government would continue to stimulate public-private partnerships (PPPs) (Regeerakkoord 2012, 37).¹ The PPPs the coalition refers to are also known as Design-Build-Finance-Maintenance-Operate projects (DBFMO). With PPPs, the state delegates service delivery and the attendant risks and responsibilities to a consortium through a long-term integrated performance contract. In contrast to most Anglo-Saxon countries such as England, New Zealand, and Australia where PPPs have been used for public service delivery since the early 1980s, PPPs have assumed a more significant role for Dutch public policy only from the 1990s.² PPPs are called into existence for the procurement of public roads, schools, detention centers and other public infrastructure. Given the policy intentions of the current government, PPPs are expected to become more important in the coming years.

Some scholars consider PPPs to be an organizational manifestation of the New Public Management reform (NPM) (see Chapter 2). The NPM reform postulates the idea of 'business-like government' as a remedy for the apparently inefficient, ineffective and unaffordable (welfare) state. Supporters of the NPM reform suggest that the introduction of private sector management techniques and private sector values on the one hand, and increasing cooperation between the public and private sector on the other hand, enhance the efficiency, effectiveness, and legitimacy of the public sector. Considered as an institutionalization of the NPM reform, PPPs are attributed similar qualities.

Despite the suggested benefits of NPM in terms of efficiency and effectiveness, NPM practices have become controversial. Critical scholars suggest that the expected efficiency and effectiveness gain is realized at the expense of other important public values such as accountability, transparency, responsiveness, responsibility and quality (see Chapter 2). There has been

1 Regeerakkoord VVD-PvdA. Bruggen slaan. 29-10-2012 (p.37).

2 Kamerstuk: 29ste vergadering; Vaste commissie voor volkshuisvesting en ruimtelijke ordening. Woensdag 5 april 1990. UCV 29.

ample scientific debate on the problematic relationship between NPM and public values, but since most studies approach PPPs in terms of efficiency and effectiveness, public administration literature provides almost no empirical knowledge about public values in PPPs.

That lack of empirical knowledge on public values in PPPs forms the starting point for this study. The rest of this chapter outlines the central research question and is structured as follows. The first section briefly describes the history and characteristics of the public sector reforms that aimed at establishing more business-like government and that formed the nucleus from which PPPs have developed. The second section briefly defines and sets out the problem with PPPs in terms of public values, and this is further elaborated in Chapter 2. The third section presents and the central research question. Section 4 briefly describes the research approach that will be explained in detail in Chapter 3. Finally, section 5 provides the outline of this book.

1.2 Public sector reform

Throughout history, the organization of the public sector has been subject to continuous change. It has been argued, however, that in OECD countries, public sector reforms have become relatively more prominent since the second half of the twentieth century (Pollitt and Bouckaert 2011).

Between the late 1960s and the early 1980s, countries such as the USA, the UK and France, underwent a first public sector reform concerned with the rationalization of strategic policymaking and evaluation. This reform aimed at improving the Weberian hierarchical state model as introduced by Max Weber in the early 1920s, and which functioned as a model for many Western countries (Weber 1922, 24-130). The quest for rationality coincided with an overall modernizing trend brought about by scientific and technological innovation (Pollitt 1984; Wildavsky 1979). During the 1970s, however, trust in rationality and modernization declined as a result of a worldwide financial downturn and the spreading belief that the Western (welfare) state model had proven to be inefficient, ineffective and, in the long run, unaffordable (e.g. Held 1984).

Against this background came a second reform, put into effect more widely and known as the New Public Management (NPM) (Aucoin 1990; Hood 1991). The term NPM has been used in public administration literature to refer

to different conceptualizations (Dunleavy et al. 2005). Drechsler (2005, 95) defines NPM as a process in which business principles and private sector management techniques are transferred into the public sector in correspondence with, and based on, a neo-liberal understanding of the economy and the State. According to Drechsler (2005, 97), NPM is not just a fashion as sometimes suggested but rather a genuine ideology of the “neo-liberal creed.” In defining NPM, Pollitt and Bouckaert (2011, 10) make a distinction between NPM as a general theory and NPM as a bundle of specific concepts and practices. NPM as a theory implies public sector improvement once private sector values and techniques are introduced. NPM as a bundle of specific concepts and practices refers to, amongst other things, emphasis on performance and performance measurement, the use of contracts as coordinative devices, and the introduction of market-type mechanisms such as competitive tendering and performance related pay (Osborne and Gaebler 1992).

Between the 1970s and 1990s, many governments did indeed introduce private sector values, management techniques and/or intensified cooperation with the private sector. In relation to private values and management techniques, Hood (1995, 95), describes public sector reforms as implying a shift from “[p]olicy making to management skills, from a stress on process to a stress on output, from orderly hierarchies to an intended more competitive basis for providing public services, from fixed to variable pay and from a uniform and inclusive public service to a variant structure with more emphasis on contract provision.”

With respect to cooperation with the private sector, alternative public service delivery structures such as privatization, contracting and PPPs have been created and are referred to as organizational manifestations of the NPM reform (Klijn and Teisman 2000). Gradually, the NPM reform was institutionalized in many Western countries. However, it has been demonstrated that the extent and speed with which this happened differs significantly between countries. In the Netherlands, for example, public sector reform started between 1982 and 1986. Compared with Anglo-Saxon countries, reforms were initiated relatively late and have been less prominent (Pollitt and Bouckaert 2011, 294).

1.3 Concerns for public values

Whereas supporters of the NPM reform describe the benefits for public policy of business-like government in terms of efficiency and effectiveness, others are less convinced of the healing power of NPM (e.g. Measschalck 2004). Box (1999, 19), for example, argues: “[T]here remains a sense that something is wrong [...] something about running government like a business does not feel right.” In that respect, public values literature expresses this gut feeling in further detail.

In a nutshell, public values literature is concerned with the question of whether NPM allows for the safeguarding of public values such as accountability, transparency, responsiveness, responsibility and quality (Bevir 2010; Frederickson and Smith 2003; Jacobs 1992; Rhodes 1996; Skelcher 2010; Stoker 1998; Wittmer 2000). For example, Terry (1998, 198) assumes that public values are at stake in the context of NPM and argues that public values are not visible on the business-like “radar screen.” Broadbent and Laughlin (2003, 335-336), summarize the assumed tension between NPM and public values as follows: “A genuine concern to many is that this private sector supplier, with its profit emphasis and necessity to give priority to its shareholders, may or may not share the same public service values that might be the case if provision was exclusively made by those in the employment of the public sector.” In fact, some have gone further to suggest that the profit motive, which must inevitably drive the private sector suppliers, is fundamentally different to, and likely to clash with, the values and ethos of the public sector.

In contrast to the idea that NPM might imply a loss of public values, others argue that the exact opposite is true. Hirsch and Osborne (2000), for example, state that the introduction of private-sector techniques, such as performance measurement and the use of output indicators help governments to increase transparency and accountability. Rather than assuming that public values are at stake, it is maintained that public values are safeguarded or even strengthened (e.g. Osborne and Plastrik 1998).

Overall, the public values literature provides many contradicting claims about the relationship between NPM and public values. Moreover, it has been suggested that the bulk of these claims are based on normative ideas about NPM rather than on convincing empirical evidence of the actual functioning of private sector mechanisms or organizational manifestations of the NPM

reform (Goddard 2004). Furthermore, whereas public administration literature provides empirical knowledge of the safeguarding of public values in the context of privatization and contracting (e.g. Beck Jørgensen and Bozeman 2002; De Bruijn and Dicke 2006; Hall, Holt and Purchase 2003; Hodge and Coghill 2007; Karré and In 't Veld 2007; Milward and Provan 2000), empirical research on public values in PPPs remains scarce. As a result, the question of to what extent public values are safeguarded in PPPs remains unanswered which is surprising, considering the importance of these arrangements for public policy (Bovaird 2004, Bovaird 2010).

1.4 Central research question

The lack of empirical knowledge on the safeguarding of public values in PPPs, forms the starting point of this study. This research goes beyond the normative debate by adopting an empirical approach as suggested by Broadbent and Laughlin who argue (2003, 332-333): “PPPs cannot be ruled out on the basis of prejudice but need to be analyzed with an open mind [...]”. Adopting such an approach, this study provides deeper empirical insights into the actual practice of PPPs in terms of public values.

In addition, following the suggestion of Flinders (2010, 115), who warns of a “[l]azy way of theorizing about PPPs as ‘good’ or ‘bad’ ‘accountable’ or unaccountable”, this thesis suggests that thinking in such dichotomous terms does not help in developing a better understanding of public values in PPPs, since the relationship is probably more complex. In that respect, the suggestion of Brown, Potoski and Van Slyke (2006, 232) is germane. They argue, in the context of contracting for public services, that it is unrealistic to search for a “one-size-fits-all judgment”, and stress the importance of taking into account specific contextual factors which might influence the outcome.

The central research question of this study is: *What happens to public values in public-private partnerships and what conditions are influential?* The phrase ‘what happens’ refers to the suggested loss, safeguarding or reinforcement of public values. The phrase ‘what conditions are influential’ refers to those contextual factors that are likely to impact on public values in PPPs. The values under scrutiny in this study are, respectively, accountability, transparency, responsiveness, responsibility and quality and the term PPPs refers in this study to DBFMO projects.

1.5 Research approach

The question of how to determine what happens to public values in PPPs is not an easy one to answer. First, the public values concept is ambiguous since there is no universal and objective definition of such values. Instead, the exact use and meaning of a specific value is context dependent. Second, it is hard to locate and assess public values since they “are neither here nor there” (de Graaf 2003, 22). Unlike material concepts, immaterial concepts such as values cannot be measured on an objective interval scale that allows for determining whether the occurrence of a certain value has increased or decreased. Taking both considerations into account, this study assesses what happens with public values in PPPs by conducting a multiple qualitative case study. The case study approach is compatible with the explorative research questions and in line with the suggestion that public values as well as PPPs should be studied in their specific context (Bovaird 2004; Carroll and Steane 2000; de Graaf 2003). The selected projects concern the construction and maintenance of a highway; the construction and operation of a detention center; the construction, renovation and operation of wastewater installations; and the renovation and operation of the office of the Ministry of Finance (see Chapter 3). The projects differ on a number of fronts such as product and sector. Variation on such aspects supports the second research aim of this study, namely, to determine the conditions that influence what happens to public values in PPPs.

1.6 Outline

The rest of this book is divided into three further parts. Part II consists of two chapters that make up the theoretical and methodological framework of this study. Chapter 2 (Public-Private Partnerships and Public Values), provides an overview of the literature on the central concepts of this study and the relationship between those concepts. Chapter 3 (Methodology) describes and explains the research design, the methodological approach and the research methods. Part III presents the findings and consists of four empirical chapters concerning, respectively, the following four PPP projects: the construction and operation of a highway, the construction and operation of a detention center, the construction, renovation and operation of a wastewater system, and the construction and operation of the office of the Ministry of Finance. Each chapter starts by introducing the project followed by a description of the research findings presented by value (i.e. accountability, transparency,

responsiveness, responsibility, and quality). Part IV consists of two chapters. Chapter 8 (Cross-Case Comparison) provides an overarching analysis based on a cross-case comparison in which the findings per case study are compared. Finally, Chapter 9 (Conclusions and Discussion) answers the central research questions and follows up with a more general discussion on the implications of the research findings.

Part II
Theory and Methodology

2 Public-Private Partnerships and Public Values

2.1 Introduction³

The central research question of this study is: *What happens to public values in public-private partnerships and what conditions are influential?* The aim of this chapter is to discuss and define the concepts of PPPs and public values and to take a closer look at the relationship between both concepts as expressed in public administration literature. The structure of this chapter is as follows. Section 2.2 first describes the institutional history of PPPs that is defined in this study as DBFMO. Second, it defines the relationship between the term PPPs and DBFMO. Third, it explains the institutional logic of DBFMO by taking a closer look at its internal steering mechanisms. Finally it stipulates the differences between DBFMO, privatization, and contracting. Section 2.3 discusses the ambiguous concept of public values and briefly outlines the public value debate to be found in public administration literature. Section 2.4 connects the central concepts by providing an overview of the scientific debate on accountability, transparency, responsiveness, responsibility and quality as public values, and provides an overview of organizational manifestations of public sector reforms such as, amongst others, DBFMO. Section 2.5 provides the conclusion and lists the conditions that, according to the current public value literature reviewed in this chapter, influence the trajectory of public values in NPM related practices.

2.2 Public-Private Partnerships

2.2.1 Historical background

During the 1970s and 1980s, considerable parts of the public sector in Anglo-Saxon countries were “subject to aggressive privatization” (Broadbent and Laughlin 2003, 334). In various countries, the privatization program led to economic and political problems, which made governments search for alternative ways of engaging with the private sector for public service delivery. The outcome of this quest was the introduction of PPPs with the suggestion that they would form an alternative to the privatization agenda. According to Broadbent and Laughlin (2003, 334) PPPs represent an alternative approach to

³ Parts of this chapter have been published (Reynaers 2013; Reynaers and De Graaf 2014).

public service delivery that still allows for private sector involvement while at the same time providing a “more direct control relationship between the public and private sector.”

In the United Kingdom, PPPs (initially referred to as Private Finance Initiatives (PFIs)) entered the political agenda around 1979 under the conservative government led by Margaret Thatcher. The introduction of PFI was supposed to decrease central government’s economic influence and to update the social and economic infrastructure. When Labor won the general election in 1997, the term PFI was replaced by the “friendlier sounding” term PPPs, that was ought to downplay its conservative origin (Bult-Spiering and Dewulf 2006; Wettenhall 2010).

Around the early 1990s, following the example of the United Kingdom and other Anglo-Saxon countries such as Australia and New Zealand, some European countries -The Netherlands, Spain and Belgium amongst them- began exploring the options for PPPs. In the Netherlands, PPPs appeared on the political agenda around 1988 when Prime Minister Ruud Lubbers suggested the use of PPPs in the context of housing and country planning.⁴ During the 1990s, the Dutch government undertook various initiatives in order to stimulate PPPs. Approximately ten years later, Gerrit Zalm (then Minister of Finance), gave the official green light for PPPs, resulting in a pilot program of nine projects coordinated by the national knowledge center *publiek-private samenwerking* (PPS). This pilot program would allow the government to establish whether PPPs would indeed produce better results. It would allow the optimization of the PPPs structure, determine what institutional aspects impede the use of PPPs, and develop knowledge on the processes involved in PPPs procurement that could be used in future projects.⁵ Ten to fifteen years later, several projects have indeed been procured according to PPPs principles and, based on the current policy intentions, PPPs are expected to become increasingly important for Dutch public administration.⁶

4 Kamerstuk: 29ste vergadering: Vaste commissie voor volkshuisvesting en ruimtelijke ordening. Woensdag 5 april 1990. UCV 29.

5 Voortgangsrapportage PPS. Van incidenteel naar structureel. Available through: www.ppsbijhetrijk.nl, date of access 21-5-2013.

6 Regeerakkoord VVD-PvdA. Bruggen slaan. 29-10-2012.

2.2.2 PPPs as umbrella term

In public administration literature, the term PPPs is used for many types of public-private cooperation that differ in several respects such as hierarchy, formality and collaboration. The use of the term PPPs to refer to this wide range of public-private arrangements has led to much confusion in the literature about its definition. For example, the term PPPs is used to refer to both hierarchical and formal as well as to horizontal and informal partnerships (e.g. Sullivan and Skelcher 2003; Weihe 2008). Hierarchical and formal partnerships are also known as concession partnerships. In concession partnerships, the cooperation between the public and private sector is coordinated through performance contracts. In that respect, Lonsdale (2007) argues that concession partnerships should not be considered as true partnerships since the level of collaboration between the public and private sector in terms of joint action and decision making is relatively low. Informal and horizontal partnerships, also known as alliance partnerships, coordinate public-private cooperation through a process of continuous negotiation rather than through contracts. As such, the level of cooperation is therefore considered to be relatively high (Edelenbos and Teisman 2008; Klijn and Twist 2007; Kouwenhoven 1991; Lewis 2000).

The term PPPs is not only used to refer to a wide range of partnerships that differ with respect to the dimensions of hierarchy, formality, and collaboration. The term also refers to partnership constructions that differ with respect to their normative aims or goals. In relation to normative aims, Linder (1999, 26-31) distinguishes five partnership interpretations. First, PPPs are considered as a tool to change traditional public management by facilitating cooperation with private firms. As such, PPPs are expected to enhance innovation, productivity, competition, and service efficiency. Second, PPPs are considered as allowing for problem conversion since they allow governments to commercialize public problems. As a result, public managers are able to reframe public service delivery problems in such a way that private sector firms are willing to take over service delivery and this is expected to result in substantial cost reduction. Third, PPPs are considered as a tool for moral regeneration. It is expected that cooperation between the public and private sector will inspire civil servants and public managers to imitate private sector colleagues' business-like behavior. Fourth, PPPs are considered as a tool that allows for financial risk sharing since most partnership constructions imply a substantial or complete

investment by private sector firms that can be earned back during the duration of the contract. Finally, PPPs are considered as vehicles for power sharing between the state and the private sector. As such, PPPs are expected to create an ethos of trust and cooperation that allows both sides to benefit from their shared responsibilities, risks, resources, and knowledge.

With respect to the different goals ascribed to PPPs, Hodge (2010, 5), distinguishes five partnership variations: partnerships as institutional cooperation for joint production and risk sharing; partnerships as public policy networks; partnerships for civil society and community development; partnerships for urban renewal and downtown economic development; and partnerships as Long-term Infrastructure Contracts (LTICs).

Hence, the term PPPs is an umbrella term that is used to refer to various types of public-private cooperation that can differ with respect to the dimensions hierarchy, formality, cooperation, normative aims, and goals. In that respect, Weihe (2006, 21) argues that rather than searching for a critical core of the PPPs definition, we need to accept the fact that the term PPPs represents multiple cores. With respect to conducting research on PPPs, it follows that one must take into account the institutional differences between the various partnerships constructions since, what goes for one PPP type does not have to go for other PPPs (Bovaird 2004, 213). Having said that, the next section defines and explains the institutional structure and logic of the PPPs type addressed in this study.

2.2.3 Design-Build-Finance-Maintenance-Operate

The term PPPs is used as an umbrella term to refer to many different types of public-private cooperation. A specific PPP type is the Long-term Infrastructure Contract (LTIC) (Hodge 2010). This study addresses a specific type of LTIC known as Design-Build-Finance-Maintenance-Operate projects (DBFMO) (e.g. Bult-Spiering and Dewulf 2006). DBFMO projects do not only concern public infrastructure such as roads, but can also include public utility buildings such as schools and hospitals. Table 1, defines PPPs, LTIC, and DBFMO and demonstrates how they are related.

Table 1: Definitions of PPPs, LTIC, and DBFMO

Term	Definition	Abbreviation
Public-Private partnerships	An umbrella term for all types of public-private cooperation whether highly formal and hierarchical or informal and horizontal.	PPPs
Long-term Infrastructure Contract	A specific type of PPP entailing formal and hierarchical public-private cooperation structured through long-term contracts.	LTIC
Design-Build-Finance-Maintain-Operate	A type of LTIC that transfers risks and responsibilities for the design, construction, financing, maintenance, and operation of a public service to a private consortium.	DBFMO

DBFMO is a concession partnership where cooperation between the public and private sector is organized through a long-term performance contract. Procurement according to DBFMO is not revolutionary for its public-private character: Governments often rely on private sector involvement when it comes to the implementation of public service delivery because of a lack of technical expertise or capacity. What *does* differ from traditional procurement is the distribution of risks and responsibilities and the organization of ownership and oversight (Broadbent and Laughlin 2003, 335-336).

DBFMO contracts transfer the responsibility and risks for the design, construction, maintenance, operation, and finance of public infrastructure and public service delivery to a private consortium. The first responsibility is the design of the public infrastructure or asset. The actual freedom of the consortium with respect to the design depends on the output specifications and the juridical considerations set by the public procurer.⁷ Second, the consortium becomes responsible for the construction of the infrastructure, including the responsibility to overcome construction failures and to deliver on time and according to the output specifications. Third, the consortium is responsible for infrastructure maintenance, implying that the consortium must detect and repair malfunctions or damage during the duration of the contract. The responsibility for the operation implies that the consortium must carry out primary or secondary processes in relation to public service delivery. Finally, the consortium is supposed to finance the project in advance, meaning that consortium partners must invest their own capital in combination with external support from banks. The formal responsibility for providing public services remains with the public domain, as does infrastructure ownership.

⁷ The output specifications often include norms concerning output as well as outcome.

The performance contract and output specifications form the basis of the cooperation between the procurer and the consortium and are developed by civil servants on behalf of the public procurer. With due observance of legal requirements, they have discretionary freedom to define expectations in terms of scope, service level, outcome measures, costs, financial incentives, sanctions, monitoring, and reporting requirements (Brown, Potoski and Van Slyke 2006). In DBFMO projects, output rather than traditionally used input specifications are used meaning that instead of prescribing *how*, the procurer only describes *what* standards should be met. The contract and output specifications form the basis for the bidding process during which competing private consortia propose integrated project plans. During the bidding process, the exact content of the contract and output specifications may change, depending on the proposals from the bidding consortia. The winning consortium becomes responsible for performing as agreed upon during the duration of the contract.

The consortium has the contractual obligation to monitor its performance. As such, the consortium creates an integrated monitoring plan that meets the procurer's approval, one that measures performance in terms of output specifications and links it to a financial mechanism that determines the height of the monthly availability fee that the procurer owes the consortium for its delivered services. When monitoring reports show no discrepancies between the output specifications and the actual service delivery, the procurer pays the full availability fee. If, however, service delivery is not as agreed upon, the procurer receives a financial discount, resulting in a lower availability fee for the consortium. Such a reduction is expected to stimulate the consortium to provide the service level as agreed upon. Besides the monitoring conducted by the consortium, the procurer can conduct additional tests, the results of which, together with the consortium's monitoring reports and user feedback, provide input for the daily, weekly, or monthly meetings between the consortium and the procurer during which performance is evaluated and, if necessary, adjusted.⁸ Overall, the contract, output specifications, monitoring mechanism, and performance related pay are instruments that, in theory, help the procurer to control public service delivery.

8 Voortgangsrapportage PPS 2007 en vooruitblik 2008. Samen werken aan meerwaarde. Available through: www.rijksoverheid.nl (date of access 21-5-2013).

2.2.4 PPPs, privatization, and contracting

PPPs (in this study delimited to DBFMO) are not the only public-private structures through which governments provide public services and products. Following the Anglo-Saxon axiom ‘less government more market’, many western governments have privatized former state monopolies and outsourced certain public tasks to private firms. What all three configurations have in common is the fact that they facilitate private sector involvement to some extent. Despite similarities in all three structures, they differ in various respects such as ownership, decision-making authority, and duration. It is important to consider these differences since what is true for privatization or contracting need not necessarily be true for PPPs. In order to avoid copying and pasting assumptions about privatization or contracting to PPPs, the next section describes the institutional differences between PPPs, privatization, and contracting.

Privatization can be defined as “any action that transfers some or all of the ownership and/or control of state-owned enterprises to the private sector” (Hitt et al. 2000, 511). When governments privatize public monopolies, ownership, control, and decision-making authority are transferred from the public to the private sector. In contrast, ownership, control, and decision-making authority remain with the procurer in PPPs. As far as the responsibility for service supply and service quality goes, this remains with the public sector in PPPs, whereas privatization entails that private firms make their own decisions on service supply and service quality (Hiemstra and Horwitz 2003, 3).

Contracting can be defined as “the reliance on external sources for manufacturing components and other value-adding activities” (Lei and Hitt 1995, 836). Contracting involves a temporary and singular principal-agent relation in which the public partner defines what, how, and by whom something must be done (Klijn and Teisman 2000). The biggest difference between contracting and privatization is that asset ownership usually remains with the public sector in the context of contracting. As such, the procurer remains in control by monitoring performance and replacing the contractor if necessary (Domberger and Jensen 1997). Whereas contracting or contracting out implies ‘simple contracting’ (i.e. one service is contracted out for a relatively short period to a single private party), PPPs imply ‘complex contracting’ (i.e. an integrated contract for a relatively long period (between 15 and 30 years) is signed with a multi-headed consortium).

With respect to privatization and PPPs, scholars do not agree on whether both are manifestations of the NPM reform. In relation to that, Pollitt and Bouckaert (2011) describe how the NPM reform gradually changed character from the 1990s resulting in alternative reform models such as, amongst others, the New Public Governance (NPG). NPG advocates a legitimate and effective government by cooperation between governments, markets, civil society, and other social actors with respect to policymaking and policy implementation (Osborne 2010; Pollitt and Bouckaert 2011, 22). NPG substitutes the focus on efficiency, effectiveness, and businesslike government of the NPM reform for trust, transparency, governance, and, indeed, partnerships with the ultimate aim or regaining public trust (Trommel 2009). It is suggested that partnerships might enable governments to control public-private service delivery and public values to a far greater extent than is the case with privatization (e.g. Peat and Costley 2001, 71). Bovaird (2004), for example, refers to the necessity for PPPs as a solution to problems related with privatization. Similarly, Kouwenhoven (1991, 89) argues: “Especially in those cases that the government would like to privatize in order to act more market like, but at the same time would like to have a certain influence, PPPs form a possible alternative.”

Hence, PPPs are suggested as fitting both the NPM and the NPG paradigm, given that they represent features of both reform models (Pollitt and Bouckaert 2011). However, some argue that the use of the term PPPs is nothing more than a language tool that seeks to replace the “Thatcherite use of the word privatization” (Hall, De la Motte and Davies 2003, 2). In line, Savas (2002) argues that the term privatization is often replaced by PPPs simply because of the negative connotations of privatization. The importance of this discussion becomes evident from section 2.4 onwards when we consider the (normative) assumptions about public values made in relation to privatization and PPPs.

2.2.5 Research on PPPs

Public-private partnerships have been studied from different angles and by different disciplines. For example, some scholars study PPPs in terms of strategic dilemmas, managerial behavior, and management mechanisms (e.g. Klijn and Teisman 2000; Edelenbos and Teisman 2008; Charles, et al. 2007; Klijn and van Twist 2007). Other studies focus on the effectiveness, cost-

efficiency, and economic performance of PPPs (e.g. Savas 2000; van Ham and Koppenjan 2001).

This study does not approach PPPs from a managerial nor an economic perspective but from a public values perspective. The public values literature is concerned with the question of whether private sector involvement and the introduction of private sector instruments allow for the safeguarding and elaboration of public values such as accountability, transparency, responsiveness, responsibility, and quality (Bevir 2010; Frederickson and Smith 2003; Jacobs 1992; Rhodes 1996; Skelcher 2010; Stoker 1998; Wittmer 2000). In that respect Broadbent and Laughlin (2003, 335-336), summarize: “A genuine concern to many is that this private sector supplier, with its profit emphasis and necessity to give priority to its shareholders, may or may not share the same public service values that might be the case if provision was exclusively made by those in the employment of the public sector. In fact, some have gone further to suggest that the profit motive, which inevitably must drive the private sector suppliers, is fundamentally different to, and likely to clash with, the values and ethos of the public sector.”

Public administration literature provides (admittedly, relatively little) empirical knowledge on the safeguarding of public values in the context of privatization and contracting (e.g. Beck Jørgensen and Bozeman 2002; De Bruijn and Dicke 2006; Hall, Holt and Purchase 2003; Hodge and Coghill 2007; Karré and In ‘t Veld 2007; Kolthoff 2007; Milward and Provan 2000; van Gestel 2012). In contrast, empirical knowledge on the safeguarding of public values in the context of PPPs (defined as DBFMO) remains far scarcer, which is surprising considering the importance of these arrangements for public policy and their possible impact on public values (see section 2.4). The question of to what extent public values are safeguarded in DBFMO, therefore remains unanswered.

From the following section and onwards, the focus shifts from PPPs to the second central concept of study: public values. Section 2.3 introduces the public values debate in the context of NPM briefly. Section 2.3.2 discusses the ambiguousness of the public values concept. Section 2.4 presents and contrasts the various assumptions on public values in organizational manifestations of the NPM reform including privatization, contracting, and PPPs (however defined).

2.3 Public values

2.3.1 The public values debate

Ever since the rise of NPM, there have been concerns about the safeguarding of public values. Some scholars suggest that the introduction of private sector values, management techniques, and public-private cooperation will result in their loss (Collins and Butler 2003; Frederickson 1999; Jacobs 1992; Milward and Provan 2000; Wittmer 2000). Although NPM practices might increase efficiency (another subject of debate), critical scholars argue that business values should not dominate the creation of public policy. Commenting on this, Box (1999, 19) says: “[t]here remains a sense that something is wrong [...] something about running government like a business does not feel right.” In relation to the suggested dominance of business values over public values, Terry (1998, 198) adds that public values are not visible “on the [NPM] radar screen.” Likewise, Bovaird (2004, 209) is of the opinion that the criteria used to evaluate organizational manifestation of market-like reforms should not be limited to criteria that are considered as important in the private sector. As well as, for example, financial efficiency being valued, other values such as accountability and transparency need to be taken into account too. Empirically justified or not, scholars concerned with public values in the context of NPM often assume that (1) the private sector, indeed, has different value preferences from the public sector; (2) that the public sector respects and safeguards public values and (3) that *only* the public sector is able to safeguard public values.

Whether or not the assumptions on the relationship between NPM and public values hold empirically is the subject of scientific debate. And in contrast to the assumption that NPM practices imply a loss of public values, others suggest otherwise. The assumptions that public and private sector values are incompatible, that the public sector actually does safeguard public values and that *only* the public sector is able to safeguard public values have been questioned by many (e.g. Beck Jørgensen and Bozeman 2002). Rosenau (2000, 222), for example, argues that the safeguarding of public values is never certain and that public as well as private actors can violate the safeguarding of public values. Section 2.4 takes a closer look at the public value discussion by reviewing public administration literature on five specific public values. Prior

to that review, however, the following section first addresses the ambiguity in the concept of public values.

2.3.2 Conceptual ambiguity

There is much confusion in public administration literature on the exact definition of the concept of public values (Beck Jørgensen and Bozeman 2002; van Gestel et al. 2008).

The first reason for confusion stems from the adjective ‘public’ which suggests a distinction between public and private values. Public values are assigned to the public sector, while private values are assigned to the private sector (Reynaers and De Graaf 2014, 121). Stereotypically, the public sector is associated with values such as solidarity and accountability while values such as efficiency and competition are associated with the private sector (Rosenau 2000; Reijniers 1994). Many scholars have demonstrated that such dichotomous distinction between sectors and corresponding values does not hold true empirically (e.g. Bozeman 1987; Rainey and Bozeman 2000). Empirical research on value differences between the public and private sector demonstrates that, despite some value differences, the public and private sectors also have certain values in common (van der Wal 2008). In that respect, van der Wal and Huberts (2008) argue that it is arbitrary to attribute values to the public or private sector on theoretical grounds only. In addition, it has been demonstrated that public values can also be acted upon and safeguarded by private firms (e.g. De Bruijn and Dicke 2006).

Second, the concept of public values is being used empirically as well as normatively. Suggesting normatively that the public sector should safeguard certain public values is different from affirming that they actually do so. Hence, whether public values can actually be ascribed to the public sector remains to be seen. With respect to public values as a normative concept, it is unclear which authority would determine what values are public values.

A third reason for confusion is the fact that public values have no objective and universal meaning. As a result, it is difficult to define what a value such as transparency, for example, either looks like or should look like. In connection with this, some authors argue that public values are socially constructed and that their exact meaning and importance depends on the context in which they are used (e.g. Couture 1993; de Graaf 2003; Habermas 1996). For instance,

Bozeman (2007, 36), states: “[F]or any particular value, the extent to which it is embraced [...] varies both across and within societies.”

Fourth, the often-immaterial character of values makes it difficult to locate and measure them. As suggested by de Graaf (2003), public values are not just “out there” but are expressed through actions, routines, preferences, and attitudes (e.g. Schmidt and Posner 1986). Public values, therefore, always require further operationalization, and the different ways in which public values are operationalized do not provide for a single conceptualization.

Fifth, the public values concept is used to refer to public goals, process related rules as well as moral guidelines for the public sector. For example, in some studies public values are defined as public goals such as the reliability and safety of public transport or energy services (e.g. de Bruin and Dicke 2006; Steenhuisen 2009). Public values can imply process-related rules such as transparency (Weihe 2008) and can also refer to normative moral values such as honesty (van der Wal 2008).

Finally, the term public values can easily be confused with the term public value. Van der Wal (2008, 11) defines values as “qualities or standards that have a certain weight in the choice of action”. As pointed out earlier, the adjective ‘public’ in the term ‘public values’ refers to those values that are empirically or normatively considered to belong to the public sector (Reynaers and De Graaf 2014, 121). Public values can indicate both what is, or should be, appreciated and strived for, as well as indicating what values should be taken into account in that pursuit. The term public value is more limited since it concerns only outcome, rather than process. As Moore (1994, 296-301) describes it: “the task of the public sector and more specifically of public managers is to create public value [...] public value lies in the satisfaction of those whom government programs serve or otherwise encounter” (e.g. Moore 2000).

2.3.3 Public values in this study

The next section takes a closer look at the public values concept in relation to NPM and focuses on five specific values, namely: accountability, transparency, responsiveness, responsibility, and quality. Since the public values literature distinguishes many different public values (Beck Jørgensen and Bozeman 2007), the selection requires justification.

Following Beck Jørgensen and Bozeman (2002), the selection of values is first of all based on their prominence in the public values literature (see section 2.4). By selecting public values from the public values literature, it is possible to compare the scientific debate on public values with the empirical findings to be derived from this study (Beck Jørgensen and Bozeman 2002).

Accountability, transparency and responsiveness can all be considered crucial principles or guidelines for democratic or public governance (Beck Jørgensen and Bozeman 2007; Bevir 2010; Skelcher, Mathur and Smith 2005). Despite the fact that the actual organization behind the provision of public works and services changes, administrations are still expected to fulfill certain requirements that are assumed to constitute good governance.

Besides their prominence in public values literature – in which the safeguarding of these values is often problematized – the values of responsibility and responsiveness are selected for their likely relevance to the specific DBFMO context. And as the construction of a road is more likely to raise questions in terms of *quality* than in terms of equality, given the fact that DBFMO does not imply the reallocation of user rights (something that is very likely to be the case in the context of privatization), the value of quality is more relevant to this study. Whereas accountability, transparency, responsibility and responsiveness can all be considered instrumental values that concern the process of cooperation, quality can be considered an end value, since it concerns the actual output of the cooperation process. Although the next paragraph discusses each value separately, they are related within the greater framework of democratic and public governance. With respect to accountability and transparency, for example, Fox (2007, 663) argues that transparency is supposed to generate accountability.

The following section takes a closer look at the public value discussion in the context of privatization, contracting and PPPs (however defined). The reason for including literature on privatization and contracting is that there is relatively little empirical research available on public values in the context of PPPs (let alone DBFMO). Although privatization, contracting and PPPs have different institutional structures, and therefore a possibly different influence on public values, we cannot altogether ignore their similarities as manifestation of the NPM reform.

2.4 Assumptions

The following five sections consecutively describe the scientific debate on accountability, transparency, responsiveness, responsibility, and quality in the context of privatization, contracting, and PPPs (however defined). Each section starts with a short discussion on the definition of each value followed by an overview on the different assumptions on that particular value.

2.4.1 Accountability

Public administration literature provides numerous studies on accountability, addressing accountability categories, accountability instruments, vertical and horizontal accountability, formal and informal accountability, the effectiveness of accountability, and the evolution of accountability in relation to NPM (e.g. Acar and Guo 2009; Bovens 1998, 2005, 2007; Bovaird 2010; Christensen and Lægreid 2002; Day and Klein 1987; Deleon 1998; Hodge and Coghill 2007; Salamon 2002; Schillemans 2008; Sterling 2005; Stoker 1998).

Accountability can be defined as a hierarchical principal-agent relationship through which the parliament delegates an authority to civil servants that holds them accountable for their functioning (Bovens, Schillemans and 't Hart, 2008). Bovens, Schillemans and 't Hart (2008, 2) refer to this system of accountability as a 'simple system'. In a similar vein, Barberis (1998, 541) understands accountability as a process in which ministers are accountable to the public via the parliament for their work and that of their departments and in which civil servants are internally accountable to their political superiors. Both definitions consider accountability as a public affair, referring to accountability by and to ministers, civil servants, the parliament, and the public.

In the context of NPM and the blurring of the boundaries between the public and private sector, several scholars argue that the traditional notion of accountability as a simple system no longer reflects current practices. Rhodes (1997, 21-22), for example, argues, "[t]he traditional mechanisms of accountability in representative democracy were never designed to cope with multi-organizational fragmented policy systems." As an alternative to the traditional hierarchical notion of accountability, Stoker (2006, 52) understands accountability as a "multifaceted concept" that includes more than only linear and hierarchical relationships between elected officials and civil servants. Hence, definitions of accountability should include the different ways and contexts in which public or private organizations and actors are held publicly

accountable. Several academics argue that traditional notions of accountability, should not be used as a yardstick for evaluating accountability in a non-traditional policy context (e.g. Bovaird 2004; Bovens, Schillemans and 't Hart 2008; Rhodes 1997).

In the search for a new definition of accountability, Weber (1999) asks what accountability should look like in the context of decentralization, differentiation, public-private cooperation, and business-like government. In this respect, Salamon (2002, 38) argues that we should loosen up traditional notions of accountability and develop pluralistic understandings of the accountability concept. In the context of recent public sector reforms and the importance of output and outcome accountability, Armstrong (2005, 1) defines accountability as “the obligation on the part of public officials to report on the usage of public resources and answerability for failing to meet stated performance objectives.”

In relation to recent public sector reforms such as NPM, many scholars suggest that accountability is at stake (e.g. Acar and Robertson 2004; Agranoff and McGuire 2001; Behn 2001; Bloomfield 2006; Drewry 2000; Frederickson and Smith 2003; Hodge and Greve 2007; Kettl 1996; Peters and Pierre 1998; Sterling 2005). In general, concerns centre on various dimensions of accountability such as decision-making authority, oversight capacity by the public sector, responsibility for the execution of public service delivery and the ability to control and adjust private sector behavior.

Christensen and Lægreid (2002, 288), for example, state that NPM replaces political accountability and accountability “for fairness” with accountability for efficiency and performance thereby excluding accountability dimensions important for democratic governance. Similarly, Collins and Butler (2002, 56) argue that NPM diffuses political accountability since it increases the distance between political decision-making and the actual delivery of public services and public products: “Politicians can hardly be held to account for decisions from which they are systematically distanced [...] Even if NPM reforms detach it from government departments, citizens will demand political accountability. Ministers, presidents, mayors and other elected officials will be expected to take responsibility for late trains, long hospital waiting lists and changing demographics over which their day-to-day control may be low.” Likewise, Frederickson and Smith (2003, 218) ask who can be held accountable when public policy is realized with the involvement of the private sector: “If public

officials have less power and responsibility, is it fair or even possible to hold them accountable for public policy? If the answer is no, who or what should be held accountable for public policy?” Finally, others fear for a loss of accountability resulting from non-elected public bodies providing a shortfall in alternative accountability arrangements (Deakin and Walsh 1996; Frederickson and Smith 2003; Skelcher 2010; Stoker 1998). The following sections review the debate on accountability in the specific context of the organizational manifestations of the NPM reform.

In the context of privatization, Hodge and Coghill (2007, 697) suggest that privatization creates a tension between private sector values on the one hand and public accountability on the other hand arguing that “privatization introduces complexity and potential conflict between managerialist values and the strong concern with public accountability found in many societies.” In that respect, Echebarría (2001, 2) argues: “The years following the Washington Consensus were dominated by reforms based on the idea that less government is better, when the correct idea would have been that better government is better. Privatization [...] marked the reform agenda. [...] in more than a few cases, the result was a rickety, disjointed government, defenseless in the face of problems for which it nevertheless remains responsible to society, and whose credibility has been undermined by the ideological devaluation that accompanied reform.”

In the context of contracting, Mulgan (1997, 108) states that the introduction of public service contracts forms a “definite break” in the chain of public oversight and accountability. The fact that public services provision is no longer taken care of by public servants but by private sector employees is considered as a threat since private sector employees are not controlled by a department manager nor are they subject to direction from public officials and ministers.

With respect to alliance partnerships, Robertson and Acar (1999, 28) demonstrate that the temporary and voluntary nature of PPP structures, in combination with the absence of a well-established administrative structure, “all conspire to reduce the efficacy of traditional accountability mechanisms” where oversight bodies and public officials are believed to replace the oversight capacity of the electorate. In that respect Willems and vanDooren (2009, 20) conclude that their respondents “all have various sharp-edged criticisms about how public accountability regarding public-private partnership (dis)functions in

reality.” With respect to PPPs defined as DBFMO, Walker and Walker (2000) argue that infrastructural partnerships erode parliamentary and public accountability.

The assumption of accountability being at stake in the context of NPM has been disputed by various scholars. Goddard (2004), for example, argues that most studies that evaluate the effects of NPM negatively in terms of accountability, have merely criticized NPM rather than the actual practice of accountability in organizational manifestations of NPM. With respect to the suggested accountability gap as a result of the introduction of NPM, Barberis (1998, 416) states that an accountability gap was omnipresent even before the introduction of NPM and that recent reforms have simply highlighted the already existing accountability problems. It follows that accountability problems will not disappear should NPM be replaced: “[N]PM is not the root cause of the disparity between doctrine and reality, so its withdrawal would not resolve the accountability problem.” Likewise, Rosenau (2000, 227) criticizes the suggestions that without the influence of NPM the public sector would be perfectly able to safeguard accountability and states that “it is difficult to argue that the public or private partner is more accountable or that partnering [...] increases or decreases accountability.”

As a critique of the assumption that public sector reforms undermine accountability, Deleon (1998, 555) states that reforms require a different understanding of accountability, and that accountability might be very well safeguarded in alternative ways, arguing that: “Neither entrepreneurial experiments nor increased discretion for professional managers need result in diminished accountability. What they do require is accountability of a non-bureaucratic kind, and mechanisms tailored as much as possible to the types of decisions and structures being held to account.” Studies that evaluate accountability in the context of NPM, should thus evaluate the effectiveness of the mechanisms tailored to preserve accountability rather than judge whether the traditional accountability mechanisms are still in use.

Finally, in contrast to the suggested loss of accountability arising from a shortfall of accountability mechanisms, it has been advocated by some that NPM-inspired governance structures might exist within even tighter and more transparent frameworks of accountability than many public organizations display (Flinders 2010, 215). Domberger and Jensen (1997, 76), for example, conclude that empirical evidence supports the claim that accountability might

actually be *better* safeguarded because of the introduction of systematic performance monitoring, the construction and use of service level specifications, and the application of mechanisms that help to prevent or effectively penalize noncompliance. Similarly, Barberis (1998, 460) states that NPM-related innovations and techniques of accountable management have strengthened accountability and that these instruments have given ministers greater control over their departments. Table 2 summarizes the conditions that are expected to have a positive or negative influence on the safeguarding of accountability.

Table 2: Conditions influencing accountability

Positive influence	Negative influence
-Performance monitoring -Service level specifications -Tools for preventing noncompliance	-Increased distance between decision making and execution -Juridical, technical and financial complexity -Shortfall in accountability mechanisms

2.4.2 Transparency

As is the case with all the values under consideration, transparency has a different meaning depending on the context in which it is used or the characteristics of the academic field (Otenyo and Lind 2004; Scholtes 2012). In the field of public administration and in the context of recent public sector reforms, the concept of transparency (sometimes referred to as the degree of openness), brings together a number of different ideas. For example, transparency is considered as a fundament for creating legitimacy and credible governance systems (Summers and Nowicki 2006); as a device through which the trustworthiness of a partner can be determined in the context of contracting for public services (Clark and Reed 2005; Finel and Lord 1999); as an instrument that helps to increase efficiency and effectiveness; as an essential premise for holding the public sector to account, for combating corruption and for citizens participation (Ball 2009; Curtin and Meijer 2006).

Trying to categorize the different ways in which the concept of transparency is used, Libich (2006) distinguishes five types of transparency namely: political, goal, economic, procedural, and operational transparency. Political and goal transparency refer to transparency with respect to the overall intention or mission of a government or organization. Economic transparency entails that institutions share their decision-making tools with the broader public. Procedural transparency refers to openness and the sharing of information

with respect to democratic decision-making processes. Operational transparency refers to defining goals and performance measurement, which enables the public to hold the public sector accountable (i.e. Ball 2009, 300-301).

When comparing definitions on transparency in relation to recent public sector reforms and public service delivery, it shows that the core of transparency lies in the availability, access and sharing of information on public sector performance. Performance then not solely refers to output performance but also to input and throughput performance and concerns products and processes as well as behavior. Gerring and Thacker (2004), for example, define transparency as the availability and accessibility of information that is relevant with regard to the functioning of the polity. A similar definition is given by Final and Lord (1999, 316), who define transparency as “[t]he legal, political, and institutional structures that make information about the internal characteristics of a government and society available to actors both inside and outside the domestic political system.” In the context of public sector reform and the increase in privatization, contracting and public-private cooperation, Summers and Nowicki (2006) define transparency as “[a] series of actions creating credible governance systems, visible performance measurement systems, and readily available decision-making information about pricing of services and the amount of charity care.”

Although it is not always clear what transparency-related aspect authors refer to exactly, many suggest that market-inspired reforms lead to a loss of transparency and, as a consequence, to severe governance problems (Bloomfield 2006; Kikeri and Nellis 2004; Papadopoulos 2007).

In the context of privatization, for example, Turnovec (1999, 618) argues that empirical evidence indeed proves that privatization has meant a switch from inefficient but transparent public property to not very efficient and less transparent public property. Likewise, Estache (2003) argues from a comparative case study, that privatization indeed fails in terms of transparency because of a lack of regulatory oversight, inadequate ways of collecting data, and the absence of quantitative models that help governments to compare and measure private performance.

When it comes to alliance partnerships, Papadopoulos (2007) warns of a loss of transparency because of a decline of supervision and involvement by public officials. On the basis of an empirical study on transparency in

concession partnerships, Hood, Fraser and McGarvey (2006, 43-44) conclude that the politicians or public servants that are supposed to understand the agreements, actually fail to do so, given the technical and financial complexity of these projects: “It may be that one reason for the paucity of information and lack of transparency [...] may be the sheer complexity of the accounting and contractual arrangements inherent in [...] contracts that define straightforward (and auditable) performance measures.” In a similar vein Grimsey and Lewis (2002, 246) observe: “Even those with considerable financial expertise may have trouble comprehending their meaning and significance. Yet many of the user groups are laymen. To what extent the information can reasonably be made explicable to the unsophisticated user is another challenge for the accounting treatment of PPP/PFI contracts.”

With respect to the dimension of distance, Bloomfield (2006) suggests that long term contracting isolates public policy from the public sight and that it allows governments to make long-term decisions that lack approval by voters that do not comply with statutory debt limitations. Similarly, Hodge (2004, 17) claims that long-term partnerships allow governments to purchase infrastructure on a credit card out of sight of traditional financial monitoring.

Despite the fact that the performance of private firms is supervised through supervision mechanisms, Hodge (2004) and Altshuler and Lubberhoff (2003) argue that partnerships provide only limited opportunities for transparency and that available information is misleading, inaccurate or inadequate. Supervision, performance measurement, and monitoring are suggested as not providing the necessary information, resulting in a “lack of meaningful data” (Hood, Fraser and McGarvey 2006, 40).

In contrast to the suggestion that organizational manifestations of the NPM or NPM practices lack transparency, Hirsch and Osborne (2000) understand the introduction of private-sector techniques to increase transparency. Tools such as performance measurement and the use of output indicators are considered to provide politicians and the public with more information about public policy, allowing for better decision-making and thereby enhancing the legitimacy of the state (e.g. Osborne and Plastrik 1998). Table 3 summarizes the conditions that are expected to have a positive or negative influence on the safeguarding of transparency.

Table 3: Conditions influencing transparency

Positive influence	Negative influence
<ul style="list-style-type: none"> -Output indicators -Performance measurement 	<ul style="list-style-type: none"> -Decline of supervision and involvement of public officials -Juridical, technical and financial complexity -Lack of knowledge and experience on the part of public servants on juridical, technical and financial aspects. -Lack of knowledge of and experience with performance monitoring

2.4.3 Responsiveness

Responsiveness, or answerability, refers to the idea that the public sector and its services and products should be responsive to the preferences and needs of citizens as well as to user opinion (Blaug and Lekhi 2009). According to Andrews and van de Walle (2012, 9), the level of responsiveness indicates how well governments meet the expectations of citizens and service users. As Blaug and Lekhi (2009, 1) argue: “Responsiveness should not be confused with the extent to which an organization reacts to the public’s immediate opinions. There may be occasions when rapid reaction to public preferences is not an appropriate response.” Politicians and public servants are, in that respect, expected to make workable and legitimate decisions in such a way that they: “[d]emonstrate their capacity to meaningfully respond to the needs and concerns articulated by citizen-users.”

It is suggested that the introduction of NPM practices reduces responsiveness since it implies an increasing distance from the public sector in relation to public service delivery. Some scholars suggest that the dominant neo-liberal agenda might contribute to the “hollowing out of the state”, and to “governance without government”, both implying that the public sector is no longer in control when it comes to influencing and constructing public policy (Bevir 2010; Flinders 2010; Skelcher 2010). In that respect, Box (1999, 21) argues that NPM intentionally separates politics from administration and that it allows managers to manage according to economic rationality rather than in accordance with the political and public opinion. As a result, politicians fear that they lose control over public service management and policy making (Bovaird 2004). The perception of a loss of responsiveness in the context of NPM has grown even stronger because of the importance of external advisors for public policy and public service delivery. In that respect Drechsler (2005, 98) describes: “NPM specifically returns decision making to the allegedly

expert bureaucrat, under the cloak of efficiency, therefore removing political control, and that also means political responsibility, from the political sphere.”

Empirical research (admittedly very limited) on responsiveness in the context of NPM demonstrates that citizens and service consumers perceive the level of responsiveness in public services to have indeed declined (Andrews and van de Walle 2012, 9). In the case of long-term contracting, there are scholars who argue that it decreases responsiveness since contractual agreements do not allow future governments to adjust contractual agreements retrospectively. As a result, new governments are confronted with old contracts and decisions that perhaps no longer fit the new socio-economic context and public needs (e.g. Hodge and Greve 2007; Peters 1997). In that respect, Deakin and Walsh (1996, 43) suggest that the apparent increase in transparency in long-term contracting might very well be bought at the expense of responsiveness given the fact that public purchasers might feel juridically obliged to continue with a contract and a supplier even if they would prefer to end the collaboration. Similarly, Ranson (2003, 468) states that long term contracts and their legal regime “deny a defining characteristic of the public sphere of capacity to revise policies and practices in response to changes in need and understanding of good practice.” Finally, Skelcher, Navdeep and Smith (2005, 574), argue that partnerships “do not accord with the doctrine of the primacy of politics” therewith embodying a tension “between effective democratic guidance and control to ensure the public interest is served and effective program delivery to increase community welfare.”

In contrast to the idea that NPM implies the role of the state is shrinking, others suggest that the state’s role with respect to public policy and public service delivery has been transformed and that this transformation does not necessarily imply a loss of responsibility. In that respect, Pierre and Peters (2000) state: “We believe that the role of the state is not decreasing [...] but rather that its role is transforming, from a role based in constitutional powers towards a role based in coordination and fusion of public and private resources.” Likewise, McGuire and Agranoff (2011, 279) argue that compared to traditional public administration, recent reforms have “increased the role of the government as facilitator and co-operating partner”, and that public-private networks “are of the government” rather than that they exclude government. Finally, Heinrich, Lynn and Milward (2009) conclude that government still plays a vital role in public service delivery by influencing the

composition of networks and their outcomes, even though they are not directly engaged in service provision. Table 4 summarizes the conditions that are expected to have a positive or negative influence on the safeguarding of responsiveness.

Table 4: Conditions influencing responsiveness

Positive influence	Negative influence
-Influencing outcomes -Influencing the composition of networks	-Long-term contracting

2.4.4 Responsibility

According to public law, governments have the responsibility to provide certain services and products. The fact that governments are responsible for service provision does not imply that the public sector should provide these services themselves. Indeed, in recent years, the responsibility for much public service delivery has been transferred to, or shared with, private firms. Given the increasing involvement of the private sector in relation to public service delivery, several scholars wonder whether governments indeed now see their public responsibility realized through private action and whether they are able to control private action sufficiently (Debicki 2003).

In the context of PPPs, Hood and McGarvey (2002) discuss the opportunity for public and private sector partners to pass the blame and dodge responsibility, referring to this as a “blame game.” Given the fact that private partners are not only responsible to the public sector but also to their shareholders, Child, Faulkner and Tallman (2005, 55) argue that responsibility itself might be at stake and that this risk is even greater when there are multiple private partners involved.

With respect to the trustworthiness of contracts through which governments can enforce private firms to fulfill their responsibility, Brown, Potoski and Van Slyke (2010) demonstrate that the degree to which contracts do, in fact, guarantee that the public responsibility will be executed as hoped for, depends greatly on the completeness or quality of the contract (e.g. Domberger and Jensen 1997). The more specific the contractual conditions in terms of output and outcome, the less uncertainty there is around whether the contractor is meeting the contract terms. Nevertheless, although complete contracts explicitly defining the service-related goals, costs, and rules of interaction between the procurer and contractor seem favorable because they

reduce uncertainty and possible conflicts, they are seldom preferable, in fact, because they leave no room for flexibility and innovation. Less specified contracts contain broader parameters that allow for innovation, further negotiation, and flexibility although they may trigger opportunistic behavior by the procurer or the contractor (Brown, Potoski and Van Slyke 2007, 608). Table 5 summarizes the conditions that are expected to have a positive or negative influence on the safeguarding of responsibility.

Table 5: Conditions influencing responsibility

Positive influence	Negative influence
-Complete contracts	-Incomplete contracts -Share holder responsibility

2.4.5 Quality

As many scholars attest, it is difficult to define what quality actually refers to (e.g. Domberger and Jensen 1997; Howie, Heaney and Maxwell 2004). Zeithalm (1988, 3) defines quality as “[a] judgment about a product’s overall excellence or superiority.” In this definition, quality is understood as a subjective value, which is the opposite of objective quality that is defined as: “Measurable and verifiable superiority on some predetermined ideal standard or standards” (Zeithalm 1988, 3). It has been argued that there is no such thing as objective quality and that quality always implies a subjective judgment (Maynes 1976). In that respect Domberger and Jensen (1997, 74) explain: “Quality may be identified in terms of certain performance characteristics, but their assessment may require subjective judgment rather than mere accumulation of facts. Cleaning is perhaps a good example: what constitutes a high standard of cleanliness may vary from one observer to another.”

In order to establish the level of quality, Maynes (1976) argues it is necessary to have clear points of reference. The quality of a service or product is evaluated high or low depending on the relative excellence among substituting services and products (Zeithalm 1988, 5). In relation to establishing a clear set of values for the purposes of comparison, Domberger and Jensen (1997, 74) argue that it is very difficult to compare service quality in the context of contracting since there is often no data available on service quality before governments decide to contract out specific services. As a result, it is difficult to establish whether the quality of service delivery has improved or not.

Subjective or perceived service quality is understood to be influenced by the difference between expectations and actual performance (Bolton and Drew 1991). It is suggested that public managers can influence perceived quality by applying service quality management. Service quality management implies that, using various techniques, the gap between expectations and actual delivery can be minimized (Mwita 2000, 19). A necessary premise is that expectations are well articulated and that performance indeed can be measured. In that respect, various scholars suggest that the ability to make judgments about delivered quality depends greatly on the ability of public managers to assess the service quality (Brown, Potoski and Van Slyke 2006, 326; Deakin and Walsh 1996). In general it is assumed that the more quantifiable the expected and actual outcome, the easier it is to establish the level of quality. In contrast, when expectations are difficult to define quantitatively, it will be more difficult to determine the quality of the delivered services, which, in turn might influence the perception of delivered quality.

In relation to NPM and service quality, some suggest that in the search for financial optimization, private firms will only provide minimum levels of quality. This “quality-shading hypothesis” assumes that private firms strive for financial optimization rather than service quality (Evatt Research Centre 1990). In a similar vein, Box (1999, 19) suggests that although market-like reforms might have increased efficiency, concerns with respect to the quality of service delivery remain.

In contrast to the quality-shading hypothesis, several empirical studies indicate that privatization might actually enhance quality. An empirical study in the water sector demonstrates that privatized water firms provided better service quality than did their “previous public incarnations” (Galiani, Gertlerand and Schargrodsky 2005, 113). Likewise, in a comparative study on service quality in the electricity industry, Fumagalli, Garrone and Grilli (2007) conclude that privatization has not led to a reduction in service quality. In the context of contracting, comparative studies provide the same evidence that suggests that service quality seems to have improved because of output formulation and the introduction of performance monitoring (Domberger, Hall and Li 1995). With respect to PPPs, Hodge and Greve (2007, 549) observe that, despite the claims on service quality in the context of PPPs, empirical evidence is very limited.

Although non-compliance by private firms in terms of quality can be avoided by using performance measures, monitoring mechanisms and sanctioning, Peat and Costley (2001, 57) argue that the actual application of such tools has proven to be problematic in practice. In the context of contracting, Domberger and Jensen (1997, 71-72) believe that performance measurement by the public sector is the crux of the contracting failure suggesting that the public sector is not able to measure performance. Various case studies indeed confirm this suggestion and show that governments experience problems with monitoring because of a decline in management capacity and a lack of financial, technical, or strategic knowledge (de Bettignies and Ross 2009; Savas 2000; Van Slyke and Hammonds 2003). Domberger and Jensen (1997, 71-72), however, argue that this is not always the case and that the quality of contract monitoring depends on the quality of the public organization or public servants which can vary per context. Table 6 provides an overview of the conditions that are expected to have a positive or negative influence on the safeguarding of quality.

Table 6: Conditions influencing quality

Positive influence	Negative influence
<ul style="list-style-type: none"> -Ease of assessing service quality -Ease of establishing expectations (quantitative) -Output specifications -Performance monitoring 	<ul style="list-style-type: none"> -Difficulty in assessing service quality -Difficulty in establishing expectations -Financial optimization

2.5 Conclusion

The aim of this chapter was to discuss and define the concepts of PPPs and public values and to take a closer look at the relationship between both concepts as expressed in public administration literature.

The chapter began with the concept of PPPs. The term PPPs is used as an umbrella term to refer to a wide range of public-private cooperation configurations. In this study, PPPs are defined as Design-Build-Finance-Maintain-Operate projects. In DBFMO projects, the cooperation between the public and private sector is organized through a long-term performance contract in which the responsibility for the design, construction, financing, maintenance and operation of a public service are transferred to a private consortium that is usually comprised of various private firms.

With respect to the concept of public values, section 2.3 demonstrated that the public values discussion holds a prominent place in the public administration literature and that public values as a research object remain highly ambiguous. With respect to the first part of the central research question (*what happens to public values in public-private partnerships*), section 2.4 first of all showed that there are many contradicting assumptions on the relationship between NPM and public values. Whereas some argue that public values are at stake, others argue the exact opposite. Despite the numerous assumptions there is only a very little empirical examination. In that respect, Andrews and van de Walle (2012, 4) indeed argue: “Academics have repeatedly emphasized the need for evaluating NPM [...] empirical assessments, however, are scarce.” Furthermore, section 2.4 showed that not only is there little empirical knowledge of public values in the context of NPM in general, indeed there is scarcely any empirical knowledge at all of public values in the context of DBFMO, with the single exception of transparency. Section 2.4 outlines many contradictory assumptions on public values in the context of privatization and contracting. To what extent any of these assumptions hold true for DBFMO remains a question unanswered.

While the first part of the research question aims at describing what happens to public values in DBFMO, the second part (*what conditions are influential*) tries to assess what conditions influence the public values’ trajectory in DBFMO. Section 2.4 put forward various conditions that are assumed to have a negative or a positive influence on the safeguarding of public values in the context of NPM. Conditions that are assumed to have a negative influence on public values are the increased distance between decision making and execution; a shortfall in accountability mechanisms; juridical, technical and financial complexity; lack of experience and knowledge of performance monitoring; complexity of service level specifications; and long-term contracting (see Table 7). Conditions that are expected to have a positive influence on public values are: output specifications; monitoring; performance related pay; service quality management and long-term contracting. Indeed, some conditions (such as long-term contracting) are expected to have a positive as well as a negative influence on the same public value (see Table 7). Moreover, some conditions are expected to favor a specific value while harming others. The conditions set out in section 2.4 are those thought to be related to NPM, privatization and contracting rather than specifically to

DBFMO. It thus remains to be seen whether these conditions indeed play a role in what happens to public values in DBFMO.

Table 7: Influencing conditions per value

	Positive influence	Negative influence
Accountability	<ul style="list-style-type: none"> -Performance monitoring -Service level specifications -Tools for preventing noncompliance 	<ul style="list-style-type: none"> -Increased distance between decision making and execution -Juridical, technical and financial complexity -Shortfall in accountability mechanisms
Transparency	<ul style="list-style-type: none"> -Output indicators -Performance measurement 	<ul style="list-style-type: none"> -Decline of supervision and involvement public officials -Juridical, technical and financial complexity -Lack of knowledge and experience on the part of public servants on juridical, technical and financial aspects. -Lack of knowledge of and experience with performance monitoring
Responsiveness	<ul style="list-style-type: none"> -Influence on composition networks -Influence on outcomes 	<ul style="list-style-type: none"> -Long-term contracting
Responsibility	<ul style="list-style-type: none"> -Complete contracts 	<ul style="list-style-type: none"> -Incomplete contracts -Share holder responsibility
Quality	<ul style="list-style-type: none"> -Expectations that are easy to establish (quantitative) -Output specifications -Performance monitoring -Service quality that is easy to assess 	<ul style="list-style-type: none"> -Difficulty in establishing expectations -Financial optimization -Service quality that is difficult to assess

3 Methodology

3.1 Introduction⁹

The central research question of this study is: *What happens to public values in public-private partnerships and what conditions are influential?* The theoretical and conceptual foundation of this research question was further elaborated in Chapter 2. Chapter 3 connects theory, concepts, and research questions by merging all three into a research approach. The central research question will be answered by conducting a multiple case study including four PPPs in the Netherlands. The case study approach is compatible with the explorative research question and in line with the suggestion that public values as well as PPPs should be studied in their specific context (Bovaird 2004; Carroll and Steane 2000). This chapter describes and explains in further detail the research approach and methods adopted in this study.

The structure of this chapter is as follows. Section 3.2 describes how this specific study approaches the concept of public values and how it manages the quest to determine the conditions influencing public values in PPPs. Section 3.3 introduces the case study approach and describes the process of case and respondent selection. Section 3.4 explains the method of data collection followed by section 3.5 providing the data analysis strategy. Section 3.6 considers the research approach in terms of generalizability and reliability and, finally, section 3.7 treats some ethical considerations.

3.2 Studying public values in PPPs

The first part of the central research question (*what happens to public values in public-private partnerships*), refers to the question of whether the public values accountability, transparency, responsiveness, responsibility, and quality are threatened, safeguarded or strengthened in the context of DBFMO. As we have seen in Chapter 2, current public administration literature does not provide a definite answer to this question.

A possible explanation for the lack of convincing empirical knowledge on this relationship is the ambiguity of the public values concept. Formulating a theory on a concept that has a great deal of uncertainty attached to its meaning and definition is difficult. A second reason might be the immaterial character

⁹ Parts of this chapter have been published (Reynaers 2013).

of the public values concept. As with all immaterial concepts, public values cannot be measured on an objective interval scale. Besides, as we have seen in Chapter 2, there is often no specific knowledge about the ‘amount’ or ‘level’ of public values that exist in traditional governance structures. When a clear reference is not available, it is difficult to determine whether public values are equally, less or more represented within a particular structure.

The ambiguousness of the public values concept makes it difficult to use it as an analytical tool. As Bozeman (2002, 150) describes: “Clearly, a lack of consensus on public values tempers our ability to develop simple analytical tools.” Precisely because of this ambiguity, it is necessary to define the exact way in which the selected values are understood in each particular study.

Accountability is defined as the ability of the procurer to account for (1) the content of the project in financial, juridical, and technical terms, and (2) to account for actual performance during the construction and operation phase. This definition is loosely based on Armstrong (2005, 1) who defines accountability as “the obligation on the part of public officials to report on the usage of public resources and answerability for failing to meet stated performance objectives.” Rather than only considering public resources and failure, the specific DBFMO context makes it interesting to look at financial, juridical and technical terms and performance all together.

As with the definition of accountability, in this study transparency also concerns the juridical, financial, technical and operational aspects of the project and is defined as the availability to public servants of accurate information on the juridical, financial, technical, and operational aspects of the project. This definition is loosely based on Summers’ and Nowicki’s (2006) definition who define transparency as “[a] series of actions creating credible governance systems, visible performance measurement systems, and readily available decision-making information about pricing of services and the amount of charity care.” In this study both the availability *and* the accuracy of information on different projects aspects are considered.

Responsiveness is defined as the ability of elected officials and public servants to determine, influence, and adjust the contractual agreements and the output specifications before and after contract closure. The definition is loosely based on that of Blaug and Lekhi (2009, 1) who define responsiveness as the “capacity to meaningfully respond to the needs and concerns articulated by citizens-users.” This definition is adapted to the specific DBFMO context in

which there are clearly two distinct opportunities for public servants and officials to respond to such needs, namely before and after contract closure.

Responsibility is defined as the degree to which the consortium complies with the contractual agreements and the output specifications. This is loosely based on Harper's (1996, 596) definition which states responsibility to be "conformance to a rule of behavior." In the case of DBFMO, the contract is the embodiment of the rule of behavior.

Quality is defined as the degree of satisfaction of the procurer in relation to the asset and its actual operation by the consortium. This is loosely based on Zeithalm's (1988, 3) definition of quality as "[a] judgment about a product's overall excellence or superiority." The definition used in this study considers quality as a subjective rather than an objective judgment, given that it is very difficult, as described in section 2.4.5, to objectively determine the actual quality

Given the absence of an objective scale that prevents empirical measurement of the 'amount' or 'level' of public value present, interview respondents are asked about their personal experience with public values in the context of DBFMO. Since several respondents also have experience with traditional procurement, their experience sometimes reflects a comparison between traditional procurement and procurement according to DBFMO. However, Table 8 presents the definitions of accountability, transparency, responsiveness, responsibility, and quality as used in this study.

Table 8: Definitions on public values in this study

Value	Definition
Accountability	The ability of the procurer to account for (1) the content of the project in financial, juridical, and technical terms, and (2) to account for actual performance during the construction and operation phase.
Transparency	The availability and accuracy of information available to public servants on juridical, financial, technical, and operational aspects of the project.
Responsiveness	The ability of elected officials and public servants to determine, influence, and adjust the contractual agreements and the output specifications before and after contract closure.
Responsibility	The degree to which the consortium complies with the contractual agreements and the output specifications.
Quality	The degree of satisfaction of the procurer in relation to the asset and its actual operation by the consortium.

In relation to the second part of the research question, (*what conditions are influential*), the multiple case study approach, for which four cases that differ in

various dimensions are selected, allows for exploring what conditions might be of influence (see paragraph 3.3.1). Table 7 (section 2.5) summarized the influential conditions derived from Chapter 2's literature review. Given that very few of the conditions summarized in Table 7 directly stem from literature on DBFMO, an inductive approach allows for conditions to emerge that are specific to the DBFMO context. Testing conditions does not allow for the emergence of different conditions that might actually exist in this new context. Given the inductive approach, the conditions are not systematically addressed implying the possibility that conditions other than the ones derived from the case studies might also have an influential role.

3.3 The case study approach

The case study approach, which is considered to be especially appropriate when theory and research are both at an early or formative stage, allows for the examination of the complexity and particularity of an event, process, institution, organization, social group, or phenomenon within its natural context and specific time frame, through the use of various data collection methods (Benbasat, Goldstein and Mead 1987; Eisenhardt 1989; Stake 1995; Yin 1981). Case study research enables the researcher to understand the way in which different actors and groups think, the existence of contrasting perspectives and perceptions, the way in which actors cope with contrasting perspectives and perceptions, and the way in which conflicts are defined and solutions are found (Swanborn 2010).

The examination of complexity and particularity refers to the understanding of the action of, and interaction between, related units such as human beings, policy programs, organizations and social groups or, indeed, public values and PPPs. It is argued that in order to fully understand “the nature and complexity of the processes taking place” specific contextual features of a case need to be taken into account (Benbasat, Goldstein and Mead 1987, 370). Context influences the object of study and the other way round. Understanding the object of study is therefore only possible when studied within and with regard to its context.

Given the lack of convincing empirical evidence on public values in DBFMO, this study adopts an inductive case study approach (Eisenhardt and Graeb 2007). In contrast to deductive case studies that are used for theory testing, the purpose of inductive case studies is to develop theoretical

propositions, derived from case-based evidence by “recognizing patterns of relationships among constructs within [...] cases and their underlying logical arguments” (Eisenhardt and Graeb 2007, 25). Moreover, the multiple case study approach allows for a comparison between cases which clarifies whether findings derived from a single case are “idiosyncratic” i.e. particular to that specific case or “consistently replicated by several cases” (Eisenhardt and Graebner 2007, 27).

3.3.1 Case selection and description

In order to understand what happens to public values in PPPs, it is important to include the preparation phase (during which contracts and output specifications are developed), the construction phase (including the design and realization), and the operational phase (including the maintenance and operation) given that the public values’ trajectory might very well change over time. Selecting cases that are not yet operational would only provide part of the story. By the time of case selection (June 2010) only a handful of projects met the requirement of having gone through all three stages. Eventually four projects, whose characteristics are summarized in Table 9, were selected.

Table 9: Case characteristics

	The Highway	The Detention Center	The Wastewater Project	The Ministry of Finance
Product	Construction and operation of highway	Construction and operation of detention center	Construction and renovation of water cleaning installation and its operation	Renovation and operation Ministry of Finance
Sector	Infrastructure	Utility	Infrastructure	Utility
Procurer	Directorate-General for Public Works and Water Management	Government Buildings Agency	Water Board Delfland	Government Buildings Agency
Client	Directorate-General for Public Works and Water Management district Friesland	The Ministry of Security and Justice	Water Board Delfland	The Ministry of Finance

The highway project concerns the construction and operation of a highway. The detention center project concerns the construction and operation of a detention centre. The wastewater project concerns the construction and renovation of water cleaning installations and their operation. The project of

the Ministry of Finance consists of the renovation and operation of the office of the Ministry of Finance. The Ministry of Finance and the detention center both concern the type of buildings that house public utilities or services whereas the wastewater and highway project concern infrastructure. The Ministry of Finance and the detention center have the same procurer (the Government Buildings Agency) but different clients (respectively the Ministry of Finance and the Ministry of Security and Justice). Whereas the Ministry of Finance, the highway and the detention center have national procurers and clients, the wastewater project has a regional procurer and client. Finally, as noted in Chapter 1, all four cases form part of a national pilot program. This program was introduced by the Dutch government in order to (1) find out whether DBFMO would lead to better results, (2) to optimize the DBFMO structure, (3) to find out what institutional aspects impede the use of DBFMO and (4) to develop knowledge that could be used in future projects.¹⁰

3.3.2 Respondent selection and description

With respect to the selection of respondents, three criteria were fundamental. First, it was important that they all either were, or had been, directly involved with the DBFMO project. Second, given that most actors are only involved during one phase of the project, it was important that the selected respondents taken together covered the preparation, realization and operation phase. Third, following Weihe (2008), it is argued that it is necessary to include actors who worked for, or on behalf of, the state (i.e. procurers, project directors, contract managers, external advisors, lawyers, technicians, financial experts, auditors, architects) as well as actors who worked for, or on behalf of, the consortia (i.e. project directors, consortium members, subcontractors, external advisors, contract managers, lawyers, technicians, financial experts, architects, technical advisors). Conducting interviews with actors from the procurer's side as well as from the consortium side, results in a more complete impression of the experiences with public values in DBFMO.

Project descriptions published on the internet provided the first route to contact project members. After the first interviews were conducted, the selection of respondents followed the chain sampling technique that is also

10 Voortgangsrapportage PPS. Van incidenteel naar structureel. Available through: www.ppsbijhetrijk.nl, date of access 21-5-2013.

known as the snowball technique (van Meter 1990). Snowball sampling is a nonprobabilistic sampling approach (Guest, Bunce and Johnson 2006, 62) which entails that interviewees recruit or recommend other relevant interviewees. As such, the group of respondents grows as if it were a snowball. The reason for following this strategy is that it was initially impossible to find out who had been involved in the partnership projects. The selection of new respondents stopped as soon as data saturation was achieved, that is, as soon as the interviews would no longer provide new data for the development of conceptual categories (Francis et al. 2010, 1230).

For reasons of safety and security, permission to make personal contact with respondents for the detention center was withheld and the project director from the Ministry of Safety and Security selected the respondents for that particular case study. With the exception of the detention center case, for each case the respondent selection criteria (involvement, achieving representatives of all project phases and being procurer or consortium related) have been taken into account making it highly plausible that the samples per project are representative for each case.

Eventually 66 people were interviewed. As Table 10 shows, the number of state, consortium, or external actors differs in each case. State actors are those actors with the official status of public servant. Consortium actors are those actors that work for the consortium or for a company that forms part of this consortium. External actors are those that work on behalf of either the consortium or procurer without forming part of the consortium or having the status of public servant. Service users are not consulted given that the scope of this study concerns the interaction between the procurer and consortium and the effect of this interaction on public values.

Table 10: Characteristics of respondents

The Highway	The Detention Center	The Wastewater Project	The Ministry of Finance
State: 12 Consortium: 5 External: 1 Total: 18	State: 9 Consortium: 2 External: 0 Total: 11	State: 4 Consortium: 5 External: 3 Total: 12	State: 10 Consortium: 8 External: 7 Total: 25

3.4 Data collection

With respect to data collection in case study research, various methods such as interviewing, observing, analyzing documents and conducting surveys can be used and combined in order to construct a rich data set that focuses on the specific research issue as well as its context (Benbasat, Goldstein and Mead 1987). A case study is not a method in itself nor does it have a qualitative character by definition. Case study research is qualitative or quantitative depending on the nature of the collected data. As mentioned earlier, this study adopts a qualitative approach, which means that only qualitative data obtained through in-depth interviews and project-specific documents is used. The following paragraphs describe the process of data collection in more detail.

3.4.1 Documents

The study started with the examination of project-related and DBFMO-related documents provided by the procurers, consultancy bureaus, and consortia through their websites. Amongst the selected documents were model contracts, internal and external evaluations, and project descriptions. During the interviews, respondents were asked to provide other documentation of interest such as, for example, the output specifications, and internal evaluations. Appendix I provide an overview of the collected documents per case. In total, about 870 pages were consulted.

3.4.2 Interviews

With respect to interviewing, the first step in the process of data collection consisted of inviting respondents to participate. All respondents received an invitation by email in which the research topic was briefly introduced and in which the reason for their selection was explained. On acceptance, interviews were planned, either with respondents themselves or with their secretary. Of the 67 invitations sent, only one person refused to participate. Three respondents were interviewed twice, yielding 69 interviews with 66 interviewees. The interviews were conducted between September 2010 and March 2012 and had a semi-structured character. Whereas structured interviews have an exact set of questions that have to be followed precisely, semi-structured interviews use a topic list or framework of themes that are discussed and explored during the interview without a fixed order.

Semi-structured interviews allow for the incorporation of new ideas and questions while interviewing, which, in this case, was a necessary premise since most respondents have only been involved during a specific part of the PPPs project and represented different disciplines. The questionnaire was therefore adapted depending on the respondents' involvement and function and on the specific answers, respondents gave.

The interviews all started with a general introduction of the research project and the aims of the interview. Thereafter, all respondents were asked for permission to record the interviews. During two interviews, recording was not possible because of technical problems. In these cases, the answers were captured in writing. Respondents were informed that in order to ensure anonymity, their names would not be attached to citations. The interviews each lasted between one and two hours and were transcribed verbatim resulting in 230 pages of data (238,000 words). All interviews were conducted in Dutch with the exception of one that was conducted in English.

The interviews started with questions about the background of the interviewee such as his or her function and their role within the partnership project. After that, the interview progressed in line with the different project phases. For example, if an interviewee had been involved from the beginning of the project, they were first invited to reflect on the preparation phase in terms of public values. After that, similar questions were asked for the construction and operational phase. The aim of the interviews was to uncover respondents' experience with public values in DBFMO and interviewees were invited to further explain and illustrate their general statements. Appendix II provide an overview of the topics discussed during the interviews.

During most interviews, the atmosphere was pleasant and interviewees were very willing to answer the questions. Respondents were open about both their negative and their positive experiences. When possible or considered necessary, interviewees were confronted with statements from other respondents without mentioning them by name. As such, the respondents were able to reflect on apparently contradictory statements as well as statements that endorsed their own views.

3.5 Analysis

Qualitative data analysis is a “[p]rocess of organizing data into categories and identifying patterns (relationships) among categories [...]” (McMillan and Schumacher 1993, 479). This process of categorization is also known as coding (e.g. Boeije 2005; Miles and Huberman 1994; Strauss and Corbin 1998; van Staa and Evers 2010; Wester 2004). Coding refers to the labeling of text fragments. Depending on whether the study adopts an inductive or a (more) deductive approach, the labels or codes are derived either from the data itself or from theory (LeCompte and Schensul 1999; Strauss and Corbin 1998).

The process of coding consists of three phases: open coding, axial coding and selective coding. Open coding consists of marking, labeling and saving text fragments under a specific code that covers the content of the fragments. Axial coding consists of the reorganization of codes, which means that codes can be combined, separated into sub-codes, and renamed. As such, codes represent valid values per dimension (Hak 2007, 6). Finally, selective coding implies that relations and patterns among codes are determined through a process of ‘constant comparison’ (Boeije 2005).

Whereas McMillan and Schumacher (1993, 479), define qualitative data analysis as an inductive process, the inductive and deductive approach are frequently combined. Combining inductively obtained codes with codes established prior to the analysis allows flexibility with respect to empirical ‘reality’ on the one hand and theoretical guidance on the other (van Staa and Evers 2010). This study adopts such a combined approach. This implies that prior to the analysis a framework of codes concerning the five values under scrutiny in this study was constructed and that this framework, after the analysis, was combined with codes that emerged from the data itself. In this way, data-driven and theory driven codes are combined (Fereday and Muir-Cochrane 2008). The following paragraphs describe in further detail how the interviews and documents have been analyzed.

3.5.1 Documents

The documents served in the first place to provide information about the background of the selected cases in terms of contractual structure, risk distribution, scope, time frame, etc. In addition, the documents (especially the evaluations) provided insight into experience of the procurement and construction phases. Although they did not always directly concern public

values, the insights derived from these documents were invaluable in preparing the interviews with those involved in the selected PPP projects. The documents were coded manually by using the following codes: accountability, transparency, responsiveness, responsibility, quality and conditions (see 3.5.2).

3.5.2 The interviews

The analysis of the interview data started with the “within-case analysis” which means that each case was analyzed separately (Eisenhardt 1989, 540). The idea of the within-case analysis is to understand a case as a unique entity, which “allows the unique patterns of each case to emerge before investigators push to generalize patterns across cases” (Eisenhardt 1989, 540). The within-case analysis provides sufficient familiarity with separate cases, which helps the eventual cross-case comparison.

During the first phase of the analysis, interview citations were coded with one of the following labels: ‘accountability’, ‘transparency’, ‘responsiveness’, ‘responsibility’, ‘quality’ and ‘conditions’. The second phase of the analysis searched for patterns within the answers under each label. All citations under a certain label were compared and, depending on their content, regrouped and given a new label (i.e. sub-code). For example, citations under the code ‘transparency’ that addressed the issue of financial transparency were regrouped and given the label ‘financial transparency’. In this way, these citations were separated from other citations that, for example, addressed transparency with respect to performance. The final step in terms of coding consisted of regrouping and re-coding the sub-codes. Citations under ‘financial transparency’ as a sub-code of ‘transparency’ were regrouped if triggered by their content. If the sub-code ‘financial transparency’ contained citations that expressed both satisfaction and dissatisfaction with the financial transparency observed, the sub-code was given further sub-coding for ‘satisfaction’ and ‘dissatisfaction’.

All the citations were coded and regrouped after which the meaning of the findings per sub-code was interpreted in terms of public values. Once the sub-codes had been fully interpreted, it was possible to begin the interpretation of the findings for each principal code. After that, *overall* findings were interpreted in terms of public values. Finally, the interpretations of the findings were compared with the general assumptions about public values in DBFMO to be found in public values literature. For the cross-case comparison, the

interpretation of the findings for each value were compared with the overall findings in terms of public values followed by a search for similarities and differences between the four cases.

3.6 Generalization and reliability

Every methodology has its strengths and weaknesses: case study research is no exception to that rule. Case study research is often criticized for its low potential for enabling generalization because, usually, only a limited number of cases are included. Sample research allows for statistical generalization of research findings to a greater population. Case study research does not allow for such generalization, which leads some to believe that case study research does not contribute to the development of scientific knowledge. In that respect, Firestone (1993) and Eisenhardt and Graebner (2007) argue that case study research does allow for generalization but one of a different kind. Instead of statistical generalization, case study research allows for theoretical or analytical generalization. Whereas statistical or sample generalization refers to extrapolation from a randomly chosen sample to a larger population, theoretical or analytical generalization implies that particular findings are connected or applied to a certain theory. Findings from one case can be generalized to other cases that have not been studied but fall under the same theory. In this study, for example, findings from four DBFMO projects are compared in order to formulate patterns that are potentially valid for other DBFMO projects.

This study does not aim at formulating a general theory or universal law about public values in DBFMO. Instead, it aims at discovering patterns and mechanisms by studying “segments of reality” intensively and this is, indeed, “more modest and restrictive” in comparison to studies that do aim at constructing all encompassing theories about a certain phenomenon (van Braam 1989, 36). Rather than providing a general theory, this study provides explanatory conditions and mechanisms that are observed in actual partnership projects in the Netherlands. The conditions that could potentially influence what happens to public values in DBFMO are generated inductively and are therefore a miscellany, and only those influential conditions generated from the data collected are taken into account. As such, the causal link between influential conditions and public values is not fully comprehensively established. This does not imply that the contribution of this study is thereby

unimportant. On the contrary: the miscellaneous nature of uncertain causal relations provides useful and meaningful knowledge that builds on, complements and combines existing knowledge on public values in DBFMO. Besides, the multiple case study approach allows for determining whether findings are DBFMO-specific or project-specific. DBFMO-specific findings are directly related to the elements of DBFMO such as its long-term character, the use of monitoring mechanisms and output specifications. Case specific findings have to do with aspects that are not necessarily related to DBFMO such as sector and product.

With respect to the reliability of case study research, it is argued that the subjectivity of the researcher is problematic. The subjective role of the researcher is expressed through the use of semi-structured interviews or the interpretative data analysis approach. Eisenhardt (1989, 539), however, argues that this subjectivity should not be regarded as problematic but rather as an advantage: “The flexibility is not a license to be unsystematic. Rather, this flexibility is controlled opportunism in which researchers take advantage of the uniqueness of a specific case and the emergence of new themes to improve resultant theory.” In the study which underpins this thesis, part of this subjectivity is compensated for by 1) taping all interviews 2) transcribing them verbatim 3) and by providing the topic list for the semi-structured interviews (see Appendix II).

The data collection method of qualitative interviewing is sometimes considered less reliable because of the possibility of receiving socially desirable answers (Weiss 1994, 1-3). In order to minimize the possibility of receiving that kind of answer, a certain anonymity about the whole process was generated during and after the interviews in order to create a comfortable atmosphere in which the respondents felt at ease and that confidentiality was being preserved. During the interviews, for example, previous respondents' names were not mentioned when presenting findings derived from earlier interviews to new interviewees. Additionally, respondents' names are not attached to citations nor are job titles or roles mentioned (see paragraph 3.7).

3.7 Ethical considerations

Neither the publication of research findings nor the selected research methods should ever cause harm to respondents. Researchers, however, can experience a tension between, on the one hand publishing interesting findings and, on the

other hand taking into account the position or reputation of respondents. In this study, this tension could be felt with respect to the relationship existing between respondents in the same partnership project. Most respondents have been, or still are, working together in the projects. In view of this ongoing relationship, every effort has been made not to frustrate it in any way and various precautions were taken while collecting data and re-sorting the findings. During the interviews, for example, as already mentioned, previous respondents' names were not divulged to subsequent interviewees when they were being presented with findings derived from the earlier interviews. When the findings are presented, the sources of specific citations are not given. Providing names and affiliation would make it easy for insiders to identify individuals who had made specific comments. Whereas these precautions guarantee anonymity for outsiders, complete anonymity for insiders cannot be guaranteed since there always remains the possibility that insiders will recognize the views expressed and link a particular citation to a specific colleague.

Since the start of the detention center project, groups and individuals who do not agree with the government's detention policy have threatened several of the respondents. As a premise for including this case in the underlying study, the principal contractor at the Ministry of Justice requested complete anonymity for respondents. For the same reason, there was an agreement in place to provide the procurer with the opportunity to examine the chapter concerning in order to satisfy themselves that the degree of anonymity was indeed satisfactory.

Part III

Findings

4 The Highway

4.1 Introduction¹¹

This chapter presents the findings of a case study on a DBFMO project to build and maintain a highway in the north of the Netherlands. The chapter is structured as follows. Section 4.2 provides a short introduction to the project and describes its scope and content. Section 4.3 and subparagraphs, present the findings organized by value. Section 4.4 provides the conclusion.

4.2 Project description

The highway project was to broaden a highway and construct an aqueduct between Leeuwarden and Drachten in the Northern Province of Friesland. The road that formerly connected the two cities could not cope with the increase in traffic and posed a threat to road safety. To overcome this problem, the single lane road (1x1) had to be converted into a two lane road (2x2).

Around the turn of the century, the national knowledge center *publiek-private samenwerking* (PPS) considered nine projects for procurement according to DBFMO principles, including the highway project discussed in this chapter. The national department of waterways and public works, *Rijkswaterstaat* (the executive organization of the Ministry of Infrastructure and Environment, hereafter RWS) expected DBFMO procurement to help to increase efficiency and innovation, and to obtain a better price-quality ratio. After a procurement process conducted under European procurement law, RWS and a consortium consisting of several companies, signed a twenty year contract in December 2003. The consortium is responsible for the design, construction, financing, maintaining, and operation of the road until the year 2023. The construction started around May 2004, and in October 2007, the road came into use.

The scope of the contract covers, amongst other things, the design and construction of the road; the maintenance of the road, crash barriers, borders, trees, public gardens, public lightning, tunnels, and viaducts; and the operation of a bridge, an aqueduct, and its pump cellar. The consortium also supports RWS if accidents occur, provides RWS with advice in relation to special transport, and measures the traffic intensity of the trajectory. It is also responsible for detecting and solving irregularities, and for reporting on

11 Parts of this chapter have been published (Reynaers 2013).

performance to RWS. For reasons of finance and for safety considerations, RWS decided not to include accident management and de-icing in the scope of the contract. The local RWS district Friesland, manages the contract and receives support from the central RWS organization if necessary.

4.3 Findings

4.3.1 Accountability

During the preparation phase the procurer defines the technical, financial, and juridical requirements of the tender, produces draft versions of the contract, and designs the output specification and the financial model. RWS hired external advisors to provide support during the preparation of the tender, since they had little knowledge or experience of the specific requirements of DBFMO procurement. An interviewee illustrated the point: “We didn’t know anything about the whole process of procurement so we hired an enormous number of external advisors.” Several interviewees reported that the procurer came to depend on these external advisors and lost control of the preparation process. As a respondent put it: “I do wonder sometimes, who is the boss, who is in control? They [external advisors] or RWS? When you work with external advisors, you sometimes wonder why we [RWS] exist at all.”

The significant role external advisors played during the preparation process seemed to hinder the ability of the procurer in accounting for the eventual content of the project parameters. Despite the fact that the procurer had been involved during the preparation phase and the fact that contractual agreements and the output specifications reflect the actual ins and outs of the project, interviewees had their doubts about whether they themselves were able to explain the exact content and conditions. As one interviewee put it: “Everything is down on paper but imagine, this was our first DBFMO project and we did not have a clue. The external advisors can explain everything perfectly but I do have my doubts whether anyone within the organization [RWS] knows what all the agreements entail.” Another respondent, signaled the differences between accountability on paper and accountability in practice: “Everything is set out in writing but really...to be honest I did not know what I was doing at the start.” With respect to the financial aspects of the project the contract management team was not convinced of the ability of its own organization to account for what was happening. A respondent said: “It is

difficult to understand DBFMO. I think there is not one person in the whole organization who understands all the aspects put together. Especially when you start talking about the financial component. That is just too difficult to understand.”

After the bidding process, the project was awarded to a consortium consisting of several companies. The procurer and the consortium had come to an agreement on the project parameters, and the management of the contract during the construction and operational phase was transferred to a contract management team from the Friesland District RWS. The involvement of one set of actors in the procurement process and a different set in managing the contract was considered problematic in terms of accountability since the contract management team was faced with managing a complex contract they were barely knowledgeable about. In that respect a respondent wondered: “The district responsible for contract management only got to know the initial decisions of the national department of RWS later on. You might wonder whether this is good for the credibility of an organization on the long run.” This apparently sudden and little-coordinated transfer of the project management from the national to the regional level left the newly appointed contract management team not only with a difficult coordination task but also with several questions about the actual project content. As a respondent put it: “We are all designers, technicians, or builders and suddenly we have to behave like contract managers. I do not know whether it is fair to ask that from us. You cannot expect me to account for all these things when I have absolutely no clue what I should do as a contract manager.” Similarly, another respondent argued: “I have to act like a contract manager but to be honest, how can you expect that from someone who has no experience of it at all? You need to make sure people know how contract management works.” Overall, the initial quality of the contract management team appeared not to be as desired. A respondent explained: “You cannot guarantee to be accountable when you have absolutely no clue what you have to do as a contract manager. And I know that with this project there were certain people in that position. That is not their fault; it is the fault of those managing the reorganization. They introduce a system, and they think it will work on its own. They do not even think about the human factor behind the system. But if I don’t know what to do, the system will fail.”

Using agreed monitoring mechanisms, the contract management team holds the consortium accountable for its performance. In turn, the contract management team is accountable to RWS and eventually to the ministry. However, aspects of the monitoring mechanism appeared not to function properly at the start of the construction and operational phase. As a result, neither the consortium nor the contract management team, were able to account fully for what was being done by the consortium. Nor were they able to explain what they got in return for spending public money. A respondent described it: “In the beginning we were not able to explain exactly what was done and where our money went to. That had to do with the fact that it was the first time we had done this. The mechanisms still had to be adjusted.” This is illustrated by irregularities during the operating phase when the consortium was not able to prove formally that the road was available. The consortium has the obligation to report to the procurer on the availability of the road. When the condition of the road is as requested, the road is considered to be available and the procurer is obliged to transfer the availability fee to the consortium. Even when the road had already been available in technical and practical terms for a couple of years, the consortium was not able to formally prove its availability for the simple reason that the monitoring intervals were too large. Since the monitoring reports could not be produced, the availability fee could not be formally justified. During the operational phase, the procurer solved this problem by using an agreed financial mechanism to fine the consortium six million Euros for not applying the monitoring process as requested. But despite these initial difficulties with accountability, interviewees believed those difficulties had been overcome. As an interviewee put it: “We still have to show the internal auditor what we pay for. We owe that to the taxpayer, and now we do well in that respect.”

The development from RWS as executor of public works to a coordinator and supervisor of public works carried out by private parties has had its impact on the composition of its workforce: while technicians were being fired, contract and process managers were being hired. This loss of in-house technical expertise might hinder accountability with respect to the technical aspects of the project. A respondent argued: “You might wonder whether you are still able to account for your primary process if there is no technical knowledge available in the organization. I think that might be a great risk.”

The consortium is responsible for the road until 2023. The long-term character of the project might harm the ability of the procurer to account for the project in the long run, given that key actors that initiate, design, and monitor the project leave the organization. Respondents indicate that with the exodus of the key figures involved, the project memory gets lost. When members of the contract management team leave the organization, future contract managers are expected to have a difficult task in terms of accountability given the financial and juridical complexity of the long-term contract. A respondent illustrated: “Imagine you have a contract for 25 years and a young contract manager is responsible for the last two years. Do you really think he will be able to explain or understand what happened during the other 23 years?” In that respect, respondents indicated that only one person in the RWS organization knows the exact ins and outs of the project. As an interviewee put it: “Through all the different project phases, we have to be able to trace a red line, like a skewer going through the project. Here we only have one person that has been involved in all the project phases. We haven’t organized that well, and the consortium hasn’t either.”

4.3.2 Transparency

The relatively intensive preparation phase in which the procurer carefully develops the financial, juridical, and technical project aspects facilitates transparency in relation to the project’s start conditions. In comparison with projects that are not procured according to DBFMO principles, the long-term and integrated character of the DBFMO contract forces the procurer to prepare the project in great detail, given that mistakes made during the preparation phase can have grave implications during the rest of the contract period. A respondent said: “I think that with these types of contracts we think through what we want much more clearly. Normally we think three to four years ahead and then see what happens. If the design is not quite finished, we can fix it during its operation. That is where trouble begins. With DBFMO, I have to think very carefully about what I want and that makes the start of the project far more transparent in terms of direction, deadlines, content, and costs.”

Although the specific procurement fosters transparency in terms of financial, technical and contractual start conditions, the replacement of input specifications by output specifications makes it less than transparent how the

consortium is going to meet the requested standards. Whereas input specifications specify, for example, *how many* cubic meters of sand should be used, output specifications only specify *what* qualitative standard the procurer expects. As a result, the procurer only has a general idea what the consortium will actually deliver. An interviewee illustrated: “When we sign the contract we do not know what precisely they will deliver. We know what we have agreed upon in output terms, but what that will look like in practice remains quite vague.”

The idea that output specifications no longer provide the transparency of input specifications can be modified given that output specifications sometimes stipulate specific solutions to specific problems. As a result, the shift from input to output steering is still considered to provide sufficient transparency for the consortium to live up to the procurer’s expectations. As a respondent argued: “Yes, perhaps we are not 100% aware of what is going on. But controlling is not our goal: we just want people to be able to use the road, and I think that construction companies do have an idea of what that entails.” Another respondent stated: “If you go to the bakers and you ask him to bake you an apple pie, you are not going to tell him how much sugar he has to use, right? Of course, it is perhaps a bit more complicated with a road, but still, we should not over emphasize the problems.”

In relation to financial transparency, DBFMO procurement makes transparent how much money is spent, but it does not make transparent what the money buys. The level of the availability fee, fines, and variable costs are known prior to the actual build and operation. In normal conditions, the amount of the availability fee should be predictable for the duration of the contract. But the availability fee not only includes costs incurred at the time. It also includes costs that are likely to be incurred during the rest of the contract period: the procurer pays ahead for services that have not yet been provided and has no guarantee that the consortium will ever provide these services. Even though the consortium can reasonably be expected to replace certain elements, the procurer has no guarantee that it will actually do so. As such, there may be financial transparency - but only up to a point. A respondent described: “I doubt whether there is one single person at RWS that understands a thing about the financial aspects of the project. At one point we made a calculation, and we know what we are paying, but why are we paying that specific amount? No one will be able to tell you. It is like going to the

supermarket and every month you pay 50 Euros but you do not know what you get for your money.”

Since the availability fee is based on the contract and on output specifications that are designed at the start of the project, every service or product not included in the initial scope but subsequently requested is charged, and recorded separately. Where traditional projects provide the procurer with an overall budget, DBFMO requires a transparent registration of the extra services and costs since they have a direct effect on the availability fee and the overall financial mechanism. The registration of extra work produces a greater financial awareness on the part of the contract management team. As an interviewee put it: “We now see the prices for the rest of the contract duration and you suddenly realize what a public service costs. When you have no overall budget résumé, you don’t see these costs.”

During the operational phase, the consortium uses an ISO-certified quality monitoring system, approved by the procurer, to provide information and monitoring reports to the lenders and to the contract management team. In general, the contract management team is satisfied with the role of the monitoring and reporting system in terms of transparency, especially because such methods are seldom used in traditional projects. An interviewee illustrated the point: “Perhaps because of certain distrust, we demand much more in terms of transparency than we would ask of our own people.” Nevertheless, the consortium’s monitoring activities have on occasion appeared to be insufficient and the procurer has detected inaccuracies in the monitoring reports. As a result, the contract management team has adopted additional measures and occasionally tests the credibility of the monitoring system as well as the overall performance. On the accuracy of monitoring reports, one respondent said: “On paper everything is correct, but how can they explain that we sometimes apply the same test and get different outcomes? When we confront them with the contradictory reports of third parties their response is to say that the third party doesn’t understand how it works so their figures don’t make sense.” These discrepancies may be the result of a different interpretation of norms, differences in measurement techniques, monitoring system failure, or pure manipulation. When monitoring and additional test results do not coincide and the procurer and consortium do not agree about the interpretation and consequences, an independent evaluation is carried out by a third party. The very fact that this project is monitored from these

different angles facilitates transparency in relation to the actual delivery. A respondent illustrated the point: “We now work with an integrated project management team consisting of various experts from RWS side and the builder and the consortium director. So we follow perfectly what is going on.”

The contract, the output specifications, and the monitoring reports facilitate transparency in terms of the availability of project information. It has been suggested by respondents, however, that the enormous amount of project information does not necessarily contribute to transparency. In the words of one respondent: “The output specifications and adjustments alone are a meter thick. That, plus all the reports from the consortium, makes a big book. Yes, it is information, but I think it is information overload. But that is what happens with projects that last 20 years or even longer.” The procurement team is thus challenged to process, exchange, and safeguard project information in a meaningful and transparent way.

4.3.3 Responsiveness

During the preparation phase, the procurer has the opportunity to make its influence count while formulating the project parameters. Because of a lack of knowledge and experience of DBFMO procurement, RWS hired various external advisors to provide support. Respondents argue that there was only little direct involvement of RWS employees itself. As a respondent put it: “If you are not careful, DBFMO becomes a party for the external advisors. We ought to be in control, and yet we let external advisors design our control mechanism.”

The contract, output specifications, and the financial model are designed as a coherent and interlinked system. Given the fact that contractual changes have an immediate effect on the financial model and imply an administrative and financial burden, they ought to be avoided as much as possible. As a respondent explained: “Budget-wise it [change] is something you want to avoid.” Although it might not be desirable to change the contract after contract closure, practice shows that the contract is subject to continuous change. A respondent illustrated: “We thought, as long as the contract is perfect we can control the consortium. But then you start the construction, you realize that the contract is not perfect and that you do have to change things. That made us act with greater care.” The apparently rigid character of the contractual agreement does therefore not seem to hinder the procurer’s ability to influence

the development of the project. Besides the ability of the procurer to change the contract, a contractual clause allows the procurer to take over the consortium's mandate when safety and security are at stake. As an interviewee described it: "If we think there is an unsafe situation, we are allowed to close the road immediately. We sometimes close the road fictively, which means people still use it but the consortium gets no money for the availability of that lane."

Despite the possibility of changing the contract after contract closure, the actual process of implementing these changes appears to hinder the ability of the procurer to intervene directly. The contract defines the scope of the project and obliges the consortium to perform in accordance with the scope of the contract. Because it is not always clear whether a request from the procurer falls within the original scope, the consortium does not automatically have to do as the procurer says. A respondent explained: "It doesn't matter whether we build it or whether a consortium does. If there is a problem, it is our job to solve it. But when we want something to be done, we can't force the consortium to do it when it's not in the contract. Then we have to begin discussions, whereas you really just want them to do what you think needs to be done."

Long-term integrated contracting does not seem to provide any room for maneuver when the procurer wants to cut back its costs. The consortium's business case is based on the initial contract and output specifications and it is on this that the calculations are made which will win back the initial investment. When, for example, the procurer requests the consortium to turn off lighting during the night, the procurer is not automatically allowed to decrease its availability fee. In that respect an interviewee argued: "With the financial crisis, these contracts do not allow you to save money. We are committed for the next 20 years to pursuing a certain quality and to paying a certain amount for it. We cannot change that. That might be good in terms of quality but is bad in financial terms. And if there were to be only DBFMO contracts, then there would be no flexibility at all." Long-term financial commitments decrease the opportunities for future governments. As an interviewee put it: "With DBFMO, you suddenly have financial room to start new projects and politicians love that. However, you can only play that game once. The next minister has no room for maneuver. It has already been decided where the money goes." In the same manner, respondents argued that

long-term contracting sometimes clashes with ever changing political demands that are not always compatible with the contract. A respondent said: “If you have a contract for twenty years and politicians make decisions that might affect your contract, this might be problematic. You cannot change the contract for free, certainly not when it implies that the consortium has to make an investment.”

The apparently inflexible character of the contract was used (or, perhaps, abused) by RWS to outmaneuver other administrative bodies that would normally be involved in the decision-making process about the construction of a road. By means of illustration, when the consortium began the construction of a bridge, the Province (which must give its approval) argued it did not meet the quality standards that RWS had agreed upon with the Province. The consortium adhered rigidly to its agreement with RWS and was unwilling to upgrade the quality of the bridge without being financially compensated. RWS required the Province to prove that any such formal agreement between them existed, and the Province appeared unable to do so since it had been agreed informally. Under normal circumstances the Province and RWS would perhaps have been able to reach a compromise but the contract formed a strong impediment to such compromise. In this respect, a respondent explained: “With DBFMO, you actually isolate a project from its political context. Whether that is good or not depends on what you find important. But ask yourself, is it really necessary that every government has influence on all the projects we have? I think it would be chaos. We as RWS have our agreements with the consortium, so when the Province wants something else, we tell them we can’t do it because we have a contractual agreement. So you have fewer political-administrative games.”

The contractual character of the project sometimes hindered adequate decision making when it came to public officials’ responsiveness in terms of safety and security. After the construction of the two-lane road next to a two-lane road that was already in use, the consortium decided not to make the new road available officially yet, since the availability fee would only come into effect at the time of the official deadline. This decision, correct in juridical terms, was anything but in practical terms. Two subsequent car accidents were caused by ghost driving. In the end, RWS was held responsible for the dangerous situation and a respondent argued in connection with this: “RWS should have been more alert to risks. We should have said that we would pay

for the earlier availability of that road. However, because you are in such a judicial structure, you do not think about practicalities in the first instance. The agreement was fine in judicial terms, but a bad decision in practice. In the beginning we were very rigid. Instead of thinking in simple practical solutions, we always looked at the contract. So the question wasn't 'what does this road need', but 'what does the contract tell us?'"

4.3.4 Responsibility

In general terms, the procurer is satisfied with the way the consortium executes its contractual responsibility. Discussions about whether or not the consortium is responsible for certain things do persist but are perceived as constructive. A respondent illustrated the point: "If we could convince [the consortium manager] that it was their responsibility, they would take it. Sometimes we ask an independent third party, and they [the consortium partners] accept that decision. In that respect, the discussions with the consortium have always been very constructive." It was suggested by several respondents that a perfect contract does not exist and will not solve the possible responsibility problems of responsibility. Instead, it was argued that what counts is not the contract but the willingness of people to make the project a success. As an interviewee put it: "I can guarantee you, the contract doesn't matter. You can have a very bad contract and great people and your project becomes a success. Or you can have a perfect contract with terrible people and your project will be a disaster."

Despite overall satisfaction about the way in which the consortium carries out its responsibility, conflicts between the procurer and consortium have occasionally arisen as a result of the ambiguity of either the contract or the output specifications. To illustrate this, a respondent said: "Sometimes we think it is very obvious that the consortium is responsible for a certain task. But the consortium won't solve a problem voluntarily when it costs them money. So we have a lot of discussion about that." The procurer as well as the consortium can be accused of interpreting the norms for their own benefit. In that respect a respondent explained: "We will always explain things for our own benefit and the consortium for theirs." Similarly another respondent argued: "They always want more and we always try to do what must be done, for the lowest price. After all, we are still a private company."

In addition to ambiguous norms, gaps in the contract sometimes also provoke discussion between the consortium and procurer. Even though the

contract has been prepared carefully, it appears that it does not always include all the elements that make up public responsibility. As a result, while the consortium fulfills its contractual responsibility, the procurer is not satisfied. In that respect an interviewee stated: “Although you think you have written down everything, we still have blank spots in the contract. The consortium fulfills its contractual obligation but it appears that that is just not exactly what we wanted.”

The procurer is satisfied with the fact that responsibility related discussions are usually held among the consortium partners rather than between the consortium and the procurer. Although the consortium provides an integrated project proposal in which the different project disciplines are optimally fine-tuned, the integration between consortium partners can dissipate during the project. As a result, when the operating company experiences difficulties because of a mistake made by the constructor, the consortium partners point the finger at each other. If none of the consortium partners is willing to share or take its responsibility, service delivery might be at stake. Although this blame game was played occasionally, the consortium board planned the internal financial and juridical responsibility in such a way that the construction company was held responsible for its contribution during the operational phase. A respondent described the situation: “Of course, our members tried to blame each other when things had to be done. But we always found a solution. We considered the project as a whole, so we did not separate out the budget lines. I know other consortia have separated out the budgets, and then you are lost. You need to have someone that can play with the overall budget. And if he or she thinks the construction company should invest one Euro so that the cleaning company can gain two, then you organize it like that.”

4.3.5 Quality

Overall, the procurer is satisfied with the quality of the road and the services delivered. As one interviewee put it: “If you overlook the managerial mess around the contract and you take your car and visit the road then I say: it’s perfect. We don’t do anything and it works.” With respect to the maintenance of the road, interviewees suggested that the consortium does a better job in that respect than RWS, mainly because the consortium integrated all the different maintenance tasks. As a result, there is less disruption for road users and greater road availability. An interviewee illustrated the point: “If we look at

maintenance, then we must admit they do it so much better than we do. Before, we would send a different guy for all the different tasks. Now, they have invented a type of car that carries out all those tasks automatically in one trip. So we no longer have to close the road, and its availability increases.” Interviewees also suggested that the consortium is more capable of rapid problem solving than is their own organization. A respondent said: “They work as a company and time is money, so the sooner things are solved, the better. Here we don’t have that stimulus, so we do things a bit slower.”

Prior to the start of the project, some RWS employees were skeptical about DBFMO procurement with respect to quality. It was suggested that, as a result, the procurer requested higher quality levels than would normally be the case. As a respondent said: “Sometimes we asked more than you might expect in theory. I remember that we asked them to build a bridge that could resist wind force 9, which is simply impossible.” Likewise, another respondent illustrated: “I don’t like to admit it, but on reflection we should not have tried to create a heaven on earth by demanding more of the consortium than we asked of ourselves. Of course, we do have to control, and we must be critical, but sometimes, I have to concede, we became overenthusiastic and began exaggerating.” In that respect, it appears that discussions about quality do not always have to do with the technical quality of the road, but rather with the discrepancy between what is offered by the consortium and the expectations of RWS. As an interviewee put it: “They have a fixed idea of what it must look like and anything different becomes the subject of discussion. When this happens, we are not talking about quality but about whether a purple bridge is more beautiful than a yellow one.” It was also argued that reasonable solutions provided by the consortium were sometimes overruled by RWS since they simply wanted to hold on to their own solution. A respondent explained: “Sometimes they had very good solutions that were perhaps even better than ours. But we are proud and we do not always want to recognize that private parties might be a bit smarter.”

During the operational phase, the ambiguity of certain output specifications led to discussions about whether the consortium was or was not providing the requested service quality. Respondents indicated that it is not always possible to formulate the expected service level unambiguously. An interviewee argued: “Sometimes it is just very difficult to formulate your demand on paper. So you try, but it remains vague. And that always causes trouble in a contract

relationship. If your service level is not clearly defined, you will get into trouble.” It appeared that the norms RWS uses internally were too vague to work as contractual norms. As one respondent illustrated: “You get what you ask for, but sometimes there is confusion about what that might be. It might be very clear to me, but the consortium will always try to interpret it in such a way that they benefit from it. So if you do not write down explicitly what you want, you might not get it at all.” As a result of the ambiguity of certain service level specifications, the solutions provided by the consortium did not always correspond to the procurer’s expectation, nor did employees of RWS agree among themselves whether the solutions proposed met the requested quality standard. As an interviewee put it: “Here you clearly see two types of public officials. On the one hand, those that believe in looking for alternative solutions, and on the other, officials that believe there is only one solution: the RWS solution and that is very often the most expensive one.”

For the duration of the contract, RWS pays the consortium an availability fee. When availability is not as supposed to because of maintenance, repair activities, or irregularities with respect to service levels, RWS receives a discount on the availability fee (i.e. a fine is imposed on the consortium). The level of the discount or fine depends on, amongst other things, traffic intensity at the time of non-availability. In addition, RWS can fine the consortium for irregularities with respect to internal process management and irregularities in connection with safety and security. The financial mechanism does indeed seem to allow the procurer to influence the service quality in terms of availability. As an interviewee described the situation: “Every time the road is unavailable, they get a fine. I struggle continuously to stimulate them to give us what we want. Sometimes, the output specification is not enough and when repeated requests also fail, I at least have the financial mechanism to spur them into action. So when it’s not going the way we want, I look for how we can hurt them financially.” Another interviewee argued: “It does give us an extra weapon in order to give a steer on the quality of the asset.” However, it was suggested that the effectiveness of the financial mechanism and the use of financial incentives depends largely on the quality of the calculations made by financial experts during the project preparation. In order to stimulate the consortium financially, the procurer must know what discount is a true stimulus and what is not. Various respondents expressed their concerns about the accuracy of these calculations.

As regards the consortium's actual role in assuring service quality, it was suggested that the key to success lies not in the hands of the consortium but in the hands of the procurer. A respondent argued: "Many people think that we are responsible for quality, but it is the RWS itself that decides what it wants and how much that might cost. You cannot expect me to deliver gold if you pay me bronze. In the Netherlands, they let us compete on price but not on quality. So if I offer them a Fiat and they are fine with that, they should not complain later that I didn't give them a Ferrari."

The fact that this DBFMO project was one of the first and therefore an opportunity for the consortium to build a strong reputation may have influenced the effort and commitment of the consortium. A respondent argued: "I think they want to deliver a good product because their reputation is at stake. If this project is a success, they might win other tenders. If this project fails, they can forget about that." The intention to build reputation might have influenced the quality delivered, but the fact that the product was not a complicated one may also explain why the procurer was relatively satisfied with the quality. A respondent suggested: "I think it was quite clear what we expected. It is in that sense also a simple product: a road, a bridge, and a tunnel. It's not rocket science."

In the longer term, the consortium remains responsible for the quality of the road until the end of the contract and is obliged to deliver the road and related assets in line with the output specifications. With respect to this long-term responsibility for quality, several public servants wondered whether the consortium would still comply once the initial requirement to invest in asset quality had been met. Although bank guarantees cover these risks financially, there are practical issues towards the end of the project. A respondent queried: "At the end of the contract, it might become very exciting. Will they invest again in the road or will they wait until the contract finishes?"

4.4 Conclusion

With respect to accountability, the findings indicate that the intensive integrated approach to project preparation facilitates accountability in terms of the availability of information on agreements, norms, rules, and prices. The dependency on external advisors and the juridical and financial complexity of the project hinders accountability in terms of public servant understanding and their ability to explain what the agreements, norms, rules, and prices actually

entail. Failure of the monitoring mechanism also hinders accountability but financial mechanisms that allow the procurer to impose fines are significant in getting the consortium to deal with irregularities and solve problems. A lack of experience with contract management reduces the procurer's ability to account for project performance during the operational phase although the professionalism of the contract management in this case improved over the lifetime of the project. Accountability mechanisms only facilitate the safeguarding of accountability if designed, implemented and managed adequately during the entire contract period. In the long run, the exodus of key actors and replacement of technicians by juridical and managerial staff might impede accountability.

Compared with traditional procurement, the long-term integrated character of the DBFMO project seems to increase transparency with respect to the juridical, financial and technical start conditions of the project. Although the replacement of traditional input specifications with output specifications means a loss of transparency in input terms, there is far greater transparency in terms of output expectations. A financial model that clearly indicates the level of the availability fee, fines, and variable costs facilitates transparency as does the registration of extra work and related costs. However, since the availability fee includes future costs that perhaps will never be incurred by the consortium, it is less transparent what public money is actually buying. The use of monitoring mechanisms seems to increase transparency in comparison with traditional procurement, though the accuracy and availability of information seems to depend on the design and implementation of the monitoring plan. The multitude of project information hinders transparency in the sense that public servants experience difficulties in understanding and processing this information constructively.

Dependency on external advisors impedes responsiveness during the preparation phase and although the flexibility of the contract in theory facilitates responsiveness, that same contract limits the procurer's ability to steer the project directly, except when safety and security are at stake. Because of the contractual character of the project, goal displacement can hinder responsiveness and long-term planning indeed restricts the procurer's ability to be responsive to changed financial circumstances.

The contract and the financial mechanism seem to facilitate responsibility in ensuring that the consortium executes its contractual obligations. Where the

interpretation of output specifications and the terms of the contract admit ambiguity, there is scope to dispute responsibility, both among consortium members and between procurer and consortium. Budgetary incentives discourage non-compliance and encourage responsibility on the part of the consortium.

The integrated nature of the project, the application of fines, the opportunity to build a strong reputation for the consortium, and the relative straightforwardness of the project, all seem to facilitate and even improve quality. The involvement of a private consortium seems to increase the service level quality expectations in comparison with traditional projects. Where quality suffers, it can be attributed to ambiguous, incomplete norms and the procurer's low budget. Table 11 summarizes the influential conditions per value.

Table 11: Influencing conditions per value

	Positive influence	Negative influence
Accountability	<ul style="list-style-type: none"> -Contract -Project preparation 	<ul style="list-style-type: none"> -Dependency of procurer on external advisors -Financial complexity -Lack of experience of contract management -Lack of guidance in transition phases -Lack of knowledge of contract management -Long-term character of project -Mal implementation of monitoring mechanism -Personnel changes per phase
Transparency	<ul style="list-style-type: none"> -Contract -Integrity of output specifications and financial mechanism -Integrated performance monitoring -Intensive and integrated project preparation -Long-term and integrated project character -Long-term financial planning -Monitoring reports -Output specifications 	<ul style="list-style-type: none"> -Information overload -Output specifications -Subjectivity performance monitoring reports
Responsiveness	<ul style="list-style-type: none"> -Contractual clauses that allow for intervening -Influence with respect to formulation of output specifications and contract -Room for contractual changes 	<ul style="list-style-type: none"> -Dependency of procurer on external advisors -Goal displacement -Lengthy implementation of contractual changes -Long-term contract
Responsibility	<ul style="list-style-type: none"> -Willingness of project members 	<ul style="list-style-type: none"> -Ambiguity of contract -Ambiguity of output specifications -Demarcation consortium
Quality	<ul style="list-style-type: none"> -Financial incentives -Higher norms -Integrity contract -Long-term commitment -Output specifications -Reputation 	<ul style="list-style-type: none"> -Ambiguity of output specifications -Budget -Inaccuracy in calculating fines

5 The Detention Center

5.1 Introduction

This chapter presents the findings of a case study on a DBFMO project to build and maintain a detention center. The chapter is structured as follows. Section 5.2 provides a short introduction to the project and describes its scope and content. Section 5.3 and subparagraphs, present the findings organized by public value. Section 5.4 provides the conclusion.

5.2 Project description

In the Netherlands, detention centers are used to accommodate people who have been denied access at the Dutch border as well as illegal foreigners who refuse to return voluntarily to their country of origin. Around the turn of the century, the national knowledge center *publiek-private samenwerking* (PPS) considered nine projects for procurement according to DBFMO principles, including the detention center. After the bidding process was complete the Ministry of Justice, the Government Building Agency (*Rijksgebouwendienst*, hereafter RGD) and the national Custodial Institutions Agency (*Dienst Justitiële Inrichtingen*, hereinafter DJI), signed a DBFMO contract with a private consortium on March 2008. The consortium has become responsible for the construction and operation of the detention center until June 2035.

The detention center has a maximum capacity of 576 detainees. The center furthermore contains 95 offices, a visitor center, and 210 parking spaces that are all designed, constructed, furnished, and are maintained by the consortium. In relation to the operation of the center, the consortium provides infrastructure such as cameras and fire alarms that support internal safety and security. In addition, the consortium delivers groceries and food for detainees. Under no condition is the consortium allowed to have direct contact with the detainees. As a result, the distribution of food and groceries as well as the cleaning of the areas where detainees reside is taken care of by DJI itself. The actual supervision and the application of sanctions; the provision of psychological or physical assistance; the provision and organization of daily activities; and the provision and management of ICT, do not form part of the scope of the contract and remain with DJI. As is the case with all detention centers in the Netherlands, the detention center in question is externally monitored by organizations such as the Inspection for the Application of

Sanctions; the Health Care Inspectorate; the External Security Audit; and the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment. While the contract has been prepared by both DJI as a client and the RGD as the official procurer, DJI is responsible for the daily management of the contract.

5.3 Findings

5.3.1 Accountability

During the preparation phase, DJI decided to take the lead with respect to the preparation of the contract and output specifications. The RGD supported DJI and only a few external advisors were asked for advice. As a result, the project organization that was responsible for preparing the bid was able to oversee and control the project and that allowed them to account directly for the different aspects of the project. As a respondent intimated: “From the beginning we have tried to keep it [the project preparation] here and to externalize only when necessary. I only want external advisors for specific juridical problems. For the rest, I want to be in control. There are other procurers that rely only on external advisors and you might wonder whether they know what is going on.”

Given the fact that hardly anyone that was involved during the preparation phase is involved during the construction and operational phases, the ability of DJI to account might be at stake in the long run when key actors that know the contract and its development leave the organization. As a respondent put it: “On the DJI side, I am the only person who knows about the details of this contract. But one day I will leave. So what happens after that? Who will be able to explain what we are doing? I don’t think anyone has an answer to that question.” Similarly, another respondent explains: “We have a contract, bills, and pages full of maps but when people leave, knowledge disappears. Not only knowledge of things that we agreed upon but knowledge about the way in which we do things here. When that memory disappears it might be more difficult to explain what we are doing and why.”

The diffusion of information about the project not only appears to be limited within the organization of DJI but also seems to be suboptimal between the RGD and DJI since the latter experienced little support from the RGD during the preparation phase. A respondent argued: “Despite the fact

that the RGD is the official procurer, I missed real support at the central level from the RGD in relation to the formulation of the contract and output specifications.” It was suggested that much valuable information on the preparation of the project got lost. As a respondent illustrated: “Knowledge about the bidding phase and the process of developing the contract and the output specifications had to be safeguarded. Not only for us, but also for future projects. But that attempt has failed at DJI as well as at the RGD. Perhaps that is because we do not work together and we depend on externals for our knowledge.”

The consortium is contractually obliged to monitor and supervise its own conduct. To that end, they monitor and measure availability and performance and record complaints made by DJI employees. The recording of complaints either follows a formal or informal route, depending on the apparent gravity of the problem. The informal procedure is followed when the so-called ‘handyman’ is able to solve the problem directly. If this is not the case, the complaint is registered formally which (in theory), has direct financial consequences. The obligation of the consortium to monitor performance and to report on that, allows DJI to supervise the project. In addition, the procurer carries out random tests when considered necessary. The procurer experienced problems with performance monitoring at the start of the project. As a respondent argued: “They [the consortium] have too little control over performance monitoring. Most of the time we tell them what is going wrong whereas they should be able to manage that themselves. The idea is that we no longer have to tell them what is wrong. Their system should tell them. But the reality is that we sometimes still need to take them by the hand to show them that they have not understood the contract.”

With respect to the ability of the procurer to account for the project, there is a distinction to be made between *having* information and *understanding* information. Whereas the procurer is able to demonstrate what has been agreed upon by referring to the contract and the output specifications, it is suggested that the procurer might not always understand the content of the contract and the practical consequences of decisions made throughout the contract period. As a respondent put it: “Yes, we have a contract in which everything makes sense and it is all in writing, but that does not mean a thing if you do not manage that information from start to finish. You have to understand changes, adaptation, and the dynamics of the contract and the

financial model. You have to know how to specify, technically and qualitatively, and you have to keep on negotiating. In this case we did not realize that. But we have to make sure that, throughout the remaining project phases, we understand what's in the contract.” Likewise, it was argued that accountability doesn't simply mean being able to demonstrate what has been agreed upon on paper but rather being able to demonstrate that what has been agreed upon makes practical sense. As a respondent explained: “You need to have people that understand the concept. If people don't understand something, for example thinking in terms of risks and outputs, then they just write something down. Perhaps that is enough for some, but for me there is also a qualitative aspect. What you write down has to make sense. And that is a point of concern here.”

5.3.2 Transparency

The procurer and the consortium experience both a greater burden of administration *and* an increase of transparency in comparison to traditional procurement, given that the long-term integrated performance contract requires the procurer to define the juridical, technical, and financial project parameters prior to the start of the project. A respondent made the point: “In traditional projects, things are never specified this carefully and it might help us to control these projects better.” The detailed output specifications facilitate transparency in the sense that it is clear what the procurer expects as output. However, the output specifications do not *per se* provide transparency. That seems to depend on the specifications being complete and unambiguous. The relatively little experience of writing output specifications does not seem to have contributed to their quality in those respects. As an interviewee put it: “The output specifications are by no means perfect but it was the first project. It was a process of trial and error.”

The output specifications contain quantitative norms for technical requirements such as the thickness of windows and the amount of salt and sugar meals may contain. The output specifications also contain norms that are more ambiguous. With respect to cleanness, for example, a respondent commented: “How can I describe how dirty something can be? I can write something down, but what does it mean? On each window, there can only be a specific amount of fingerprints. That is a norm but it is so difficult to do something with that in practice.” The ambiguity of the output specifications

does not seem to facilitate transparency. As a respondent explained: “Those output specifications are very broad and you can interpret them very differently.” Consequently, the procurer has not always been satisfied with the way in which the consortium has interpreted the specifications. As a respondent put it: “The idea of DBFMO is that you specify in output terms. So you might expect -or at least hope- that the consortium, will interpret that space correctly.”

During the building and operating phase, the consortium monitors its performance through a monitoring plan that has been designed by the consortium and has been approved by the procurer. The introduction of performance monitoring seems to have improved transparency in comparison with traditional procurement. As a respondent described the position: “The fact that we have to show performance reports is much more transparent then before. In traditional projects, we normally don’t even have a monitoring system. We just suppose that everything is OK.” Some consortium members suggested that the amount of registration and reporting requested by the procurer is relatively high. A respondent explained: “Most of the time I already have an idea about how we are performing but the procurer wants to be sure and I find they exercise a great deal of control over the project. I think that’s because of the nature of the building: you cannot afford to have problems in a detention center.”

Although performance monitoring facilitates transparency in the sense that project information is available, this does not guarantee that this information is accurate. For example, during the operational phase, security guards complained about the air quality in their offices, suggesting that bad air quality caused headaches and other problems. The procurer’s measurements indicated that the air quality was indeed not as it should be, but the consortium’s measurements indicated otherwise. A respondent made the point: “The consortium said ‘everything is fine’, but when we conducted a test, it appeared not to be fine. How is it possible that we have different outcomes? You can imagine that we had something to talk about.” Given that the consortium and procurer could not agree on the test results, an external consultant was called in to investigate whether or not the air quality was in line with the quality requested. The external consultant’s results indicated that the amount of oxygen was insufficient and that the climate control installations had to be repaired. Although the consortium was not happy with the results, they

accepted that the tests conducted by the external consultant were conducted properly and eventually agreed to repair the installations. Some respondents suggested that DJI began to develop the monitoring plan too late when RGD had advised beginning it earlier. DJI, indeed, acknowledged that they were not fully aware of the importance of the monitoring plan and the necessity to start designing this as soon as possible.

The pre-determined availability fee facilitates transparency in the sense that it is clear how much money will be spent per month and how much during the complete duration of the contract period. However, it appears to be less transparent what that money actually buys since the availability fee includes costs over the whole life cycle of the project. As a respondent explained: "Some installations last five years. The contract lasts 20 years so in theory, they should replace the installations four times. The consortium considers that in its bidding and it lets us pay for it. Later, however, you see that it does not want to make hard agreements on that replacement." Likewise, another respondent argued: "I know how much I spend but I do not know what I spend that money on. If I look at what I pay them each month, I would expect to see 30 people working here but that is absolutely not the case."

The availability fee is determined on the basis of the output specifications. Requests for products and services that were initially not included in the output specifications need to be recorded carefully since a change in the output specifications implies a change in the availability fee. Compared to traditional projects, the recording of extra work and costs seems to be transparent. As a respondent put it: "DBFMO makes it very transparent what policy changes cost. Normally we hardly ever record that." However, despite the recording of extra work and related costs, respondents say that it is not always easy to make sense of all the recorded information. A respondent put it: "When we change things, we need to document that. But even if we do that it becomes all very messy."

Services and products that are not included in the original output specifications are charged separately by the consortium. The way in which the consortium calculates these prices is considered not to be very transparent. As a result, the procurer is often not able to determine whether the consortium calculates costs that were already included and paid for in the initial bid. As a respondent said: "Right now we have problems with the way in which the consortium calculates its prices for extra work. We do not know whether these

prices are in line with market prices or whether they represent extra costs for risks that were already paid for or not. Even when we take a closer look at the calculation, I can't tell you how they came up with the price."

The lack of transparency with respect to pricing goes hand in hand with the procurer's perception that prices charged by the consortium are often too high. As a respondent put it: "These prices are not normal. They calculate a price for the tiniest risk; even if it is obvious that there is no risk at all and we don't always check whether those prices conform to market prices. So I think we sometimes pay more than necessary." Another respondent gave an illustration: "The prices are high and I don't know how they calculate them. When 40 clocks are going to cost me 25.000 euro, I have no chance of explaining that to the tax payer and I don't think we know how the consortium works out the prices for the extra things they add in after the contract has been signed. At least *I* do not understand their calculations and I do not have the feeling that anyone here knows if these amounts are fair or not. We receive a bill of 100.000 euro for replacement of something without any further explanation. Then I see 10.000 euro for collective maintenance and 34.000 euro for preventive maintenance but what is the difference? I can't figure out what I'm paying for. When you ask the consortium for an explanation, they tell you that it's an estimate."

In that respect, it has been argued it is also not transparent whether there are savings in public expenditure. A respondent pointed out: "My job is to control our expense but there is no actual control on these prices. We do not know whether we are making a profit in comparison with normal projects or whether we are spending much more." It was also argued that, although performance related pay might suggest financial transparency, there is no guarantee that the bills sent by the consortium are correct. As one respondent argued: "We have a fixed price for cleaning, but I have seen bills in which they suddenly charge a higher price. So if you do not keep an eye on them continuously, they take advantage of you and there goes your profit."

5.3.3 Responsiveness

During the preparation phase, the technical, juridical, and financial parameters of the project were developed by various project teams comprised of employees from DJI and the RGD. DJI decided to hire only a few external advisors in order to be able to oversee and control the project. As such, the

influence of the procurer during the preparation phase was suggested to be significant as was demonstrated in section 5.3.1.

Through the output specifications the procurer is able to influence the consortium by demanding a certain outcome that, ideally, ensures the consortium's performance in accordance with the specifications. Output specifications, by definition, thus allow for a margin of interpretation. However, although not ideal, the procurer sometimes did use input specifications in order to make sure the consortium would provide a certain product or solution. In that respect, it was argued that the output specifications were sometimes so detailed, that the consortium had very little freedom.

During the building and in the operational phase, the contract and output specifications have been regularly adapted as a result of their incompleteness or inexactness. As a respondent described the situation: "We have about 200 contractual changes now. That tells you something about the quality of the output specifications and the contract." The lack of experience and knowledge when it comes to writing outputs seems to have hindered the development of decent specifications. As a respondent put it: "There is hardly any attention to the quality of the people in those teams. If someone does not function very well, we tend not to say anything about it. Perhaps we should say something more often." Although, not ideal, the ever-changing political context sometimes leaves DJI with no other option than to change the contract. In that respect, various interviewees wondered whether it is intelligent to procure a detention center according to DBFMO principles given the influence of the political context. As a respondent said: "We first had Verdonk as the minister, and she had a different philosophy from the minister that we now have. When we started, the message was sober. Make sure the detainees leave as soon as possible, so provide no luxury. Then the attitude changed: detainees are not criminals, so make their stay comfortable. So we painted the walls, and decorated things a bit, but imagine that the Socialist Party wins the elections. They are against detention centers so what do we do with the contract then?" Another respondent suggested: "These procedures take so long that once you have formulated the output specifications, the political or administrative context requires adjustments. So it is logical that the output specifications that we wrote in 2005 no longer strike a chord today. But we don't discuss how we are to make sense of that in relation to DBFMO. We cannot automatically go with the flow because we cannot expect the consortium to do as we say. We

always get into discussion and eventually we pay a high price for the contractual changes.”

The fact that contractual changes imply extra financial spending is thought to help the procurer avoid spending public money without thorough consideration. In this case, for example, the procurer requested the consortium to deliver 40 clocks that were not asked for in the output specifications. When the consortium presented the bill, the procurer decided not to get the clocks from them. A respondent described the situation: “Forty clocks. How much can that cost? Well the consortium calculates as follows: good materials, batteries that have to be changed by someone, 50 screws, plugs, a hole in the wall, we have to change summer and winter time so that during 25 years makes 20.000 euro. But we are not going to pay that. We become more aware of the costs involved but I still don’t think it has to cost that much. In this case we said no, but sometimes we just have to accept their offer.” Another respondent said: “They do whatever you want them to do as long as you pay for it and sometimes they just make up absurd prices for simple things. 21.000 euro for an extra water tap? They always use the argument of risk capital but sometimes that is just unfair because there is no risk. We pay the highest price every time and I can tell you ten stories in which the prices charged by the consortium were absurd.” In this context, because of a lack of experience and knowledge of DBFMO procurement, the procurer does not always appear to be a serious negotiator. As a respondent opined: “They just need better people on those contracts. If you see that guy from the consortium, he just makes mincemeat out of our contract managers and we are supposed to negotiate with him? That to me is a fundamental problem.”

Despite the fact that it is possible to change the contract, the procurer is not able to influence the consortium directly since it is not DJI but the contract that dictates what should be done. Although the contract is, or should be, a representation of the procurer’s preferences, interviewees argued that this is not always the case. A respondent said: “I sometimes felt like the contract dictated what would happen and that it was no longer about us. Normally I could say that I wanted to have this and that on Monday, and it was there on Monday. Now we sometimes take 3 months for simple contractual changes because with DBFMO, if I change a little thing in the contract, it also affects the financial system and the monitoring system. So you feel like you are no longer boss in your own house.” In a similar vein, another respondent

suggested: “If I want to change something or if I want something to be done, it costs much more energy than before. I can no longer expect them to do what I want directly.”

Being aware of the fact that they could no longer influence the consortium’s performance, the procurer had already decided during the preparation phase to exclude certain services such as mental and physical care, from the scope of the project. As an interviewee explained: “These contracts are good for standard things but in a detention center you are often confronted with situations that you cannot predict, that you cannot quantify in a contract or in output specifications. Sometimes we need people to work extra hours because the situation requires it. If we do not do that, we might cause a political riot. But I cannot expect the consortium to be sensitive to that.” Another respondent explained: “The director is responsible for health and safety, so we didn’t want to give away control over these things. You have to be able to explain to the minister what went wrong and you can’t just say ‘Well, I no longer control my primary process. This is an extremely vulnerable process. If you put it out on the market place, you cannot just ask for certain things to be done. If we did, and we asked a provider to do something, they would always look first at the contract in order to see who is responsible and who should pay.’” Although the procurer has no direct influence on the general service delivery of the consortium, a contractual clause allows the detention center director to force direct action by the consortium when considered necessary with respect to the primary process. As a respondent explained: “The director is responsible and he is allowed to give instructions. When safety and security are at stake, for example, he can say ‘you have to do this’, and the consortium has to do so. Afterwards, we will see who should pay the costs. But he almost never does it because most of our problems are of a ‘softer’ kind.”

5.3.4 Responsibility

At the start of the project, the procurer expected that the contract, the output specifications, and the financial mechanism would ensure that the consortium would perform in accordance to the output specifications. However, compliance did not seem to be guaranteed by these mechanisms alone. As a respondent explained: “When I started this project my boss told me that I did not have to worry because it was all organized. I have never worked as much as I work now. And that’s just purely coordinating the contract. I don’t deliver

services myself, but I do have an organization that controls the service delivery and I think, for the effort I have to put in, I might as well be delivering the service myself!” Another respondent made the same point: “We had the idea that we wouldn’t have to do a thing. We have a contract that sets everything out and everything will get done. If not, you call them up and tell them to do it, but it doesn’t work like that. You can write a nice contract and say ‘construction company, you are now responsible for taking care of our people’ but it is not that simple. You can have very good contracts but if the people working with those projects have a different mentality, these contracts are useless.”

The limitations of the contract and output specifications as vehicles for coordination became visible during the construction and operation when the procurer realized that the consortium was not living up to expectations. As a respondent put it: “We have the idea that they just don’t run as fast as they should. I know that the directors of the consortium and the procurer have had conversations about the consortium’s attitude. They always say they cannot do this or that while we would like to hear that they will be proactive: tell me that you are going to see what you can do.” The ambiguity of the contract and output specifications seems to trigger discussions on whether the consortium performs as it should. While the procurer believes that the output specifications are clear that the consortium is responsible for delivering a particular service or product, the consortium frequently argues otherwise. A respondent illustrated the point: “The contract states that the consortium is responsible for food supply. This includes standard meals but also mentions vegetarian and halal food. Jewish people want kosher food and these meals are much more expensive. The consortium says that we did not explicitly ask for kosher meals and that they therefore will not deliver them without any financial compensation. We asked for food irrespective of religion or philosophy, and we spoke about vegetarian and halal food by way of illustration. So based on what we have in writing, you might argue kosher meals are included. But you can also argue otherwise because we did not explicitly ask for kosher food. So the output specifications are interpreted differently. And we do not know who should pay for these meals.”

The output specifications by definition contain a margin of interpretation and the consortium as well as the procurer seems to try to exploit this room for interpretation. A respondent explained: “It is difficult to develop output

specifications that are interpreted in the same way. Our experience is that these texts mean something different in the bidding phase than in the operational phase.” Whereas during the bidding phase, the procurer agrees the service level proposed by the consortium, it has been suggested that they expect a higher standard once the contract has been signed. The consortium therefore accuses the procurer of wanting to get the maximum out of the contract without offering a reasonable price. The consortium, however, is accused of the same thing. Overall, it appears difficult to find a correct balance between specifying too little or too much. As a respondent put it: “Take the example of material for personal hygiene. If you say that you want them to deliver a toothbrush and soap but you do not write down that you want towels, then you do not get towels. It is better to ask for the materials to wash and dry yourself with because then they cannot refer to specific products that you have listed. There is a lot of discussion about that, some lasting about a year and a half. But we just don’t win these arguments.”

Not only do ambiguous output specifications cause discussion about responsibility, ambiguous descriptions of risk also trigger discussion. For example, the contract states that the consortium is responsible for cleaning and maintaining the walls. The walls are often dirty because detainees lean on them with their shoes. When the procurer argued that the consortium should clean or repaint the walls, the consortium argued that the dirty walls are not the result of normal use but rather of vandalism. Since the risk of vandalism is not transferred to them, the consortium argues they are not responsible.

Apart from the ambiguity in norms and risks, the procurer blames the consortium for systems malfunction while the consortium argues it is not the system but the way the staff uses the system that causes problems. For example, the procurer experienced problems with the safety system that controlled the opening and closure of doors. When a guard requests the central security department to open a certain door, there is an inbuilt delay of a few seconds before he is able to open the door. If guards start pulling that door too soon, the system may not work at all. A respondent explained: “We gave the procurer instructions but many of their personnel leave and newcomers do not know how to use these systems. We say that is their fault. They say we should have explained the system better or that we should have delivered a different system.”

Discussions about responsibility do not only occur between the procurer and the consortium but also among consortium members. It appears that, although the consortium as a whole is responsible for the contract, the different subcontractors do not always act in accordance with it. As a respondent put it: "At the beginning we work together but in time every company goes its own way. No one wants to be responsible for someone else's work." Similarly, another respondent described the situation: "The project director of the consortium has to be able to trust its partners. If they tell him the quality of the paint is fine, he has to trust them. But you see, they are able to screw each other easily. Within the consortium, they are just not fair to each other. The builder fails but he does not care because he leaves. And that becomes our problem." Frequently consortium partners blame other subcontractors for irregularities in service delivery. As a respondent illustrated the point: "We have big windows here. One day, there was a great deal of sunlight streaming into the offices because the curtains we asked for had not been delivered. When we confronted the consortium with the fact that they had not delivered curtains or sunscreens, they said it was not their fault but that of their supplier. They try to convince us that it is not their fault but someone else's. But I don't care about their supplier. The consortium is responsible."

The contractual structure demarcates the technical and financial responsibilities such that the construction company has no financial interest in the operational phase. The internal organization of the consortium therefore does not seem to reinforce awareness of an integrated and shared responsibility. As a respondent argued: "The contractual organization is very important. I have been involved in many projects and I see that when the consortium acts as one entity, you have fewer problems. When the contractual structure of the consortium separates the design-build and maintenance-operate group, problems arise." The consortium decided to let the general project interest prevail over the individual interests of the various consortium members. A respondent described the situation: "For now we have made the decision to consider first and foremost what is in the interest of the project; only later will we see who should pay. In the beginning the first thing we wanted to know was who was responsible. As a result, our service delivery was sometimes interrupted." These problems are seen as stemming from a lack of experience with the new way of procurement. In traditional projects, firms

work separately. DBFMO obliges them to work together. A respondent argued: “The problems during the operational phase were a result of ignorance, I think. Not everyone knew what the contract entailed, how the mechanism worked and what it meant to have an integrated long-term contract. For us as a consortium it was a first project too, and we had to learn during the project.”

5.3.5 Quality

Although the procurer is satisfied with the overall functionality of the asset, it is less satisfied with its quality in esthetic terms. It is argued that the detention center looks much older inside than one would expect given its recent completion. A respondent illustrated the point: “We cannot complain about the quality in general but I think they could have done a better job. You might wonder, for example, whether it is smart to paint the walls white. You can see that they already look very dirty. When we say, ‘paint those walls’, we get the answer ‘how are we going to pay for that?’. The same goes for the way in which the cells are furnished. When you open the wardrobe, the door hits the bed, which causes damage.” Similarly, another respondent argued: “You expect a certain quality and you think you have expressed that clearly in the output specifications. But when I look at the building, some parts look ten years old yet we have only been using the building for two years.”

In relation to the operational start of the center, interviewees from both the procurer’s as well as the consortium’s side argue that the quality of service delivery was, with some exceptions, rather disappointing. Complaints vary from what was asked for not being delivered to the malfunctioning of installations. For example, the procurer experienced problems with the climate installation that did not provide for a sufficient level of oxygen and therefore did not meet the requested quality level. A respondent explained: “The quality of the operation was very bad in the beginning. The transition from construction to operation was not organized well and the quality of the building was also not as we expected in first instance. Recently the consortium has hired extra people to improve all of this, but that took a while.” These problems might have been caused by relatively little attention being paid during the preparation phase to the actual operation of the center. A respondent said: “I think that much more attention is given to design and build than to maintenance and operation. If you pay more attention to that latter part, the service delivery will be better.” Over time, many of the problems experienced

at the start of the project have been solved and the number of fines has decreased.

Despite the irregularities, the procurer sees improvement to quality too. For example, the procurer is satisfied with the way in which the consortium has organized food supply by developing a digital supermarket that allows detainees to buy and pay for groceries themselves. This innovative solution is considered an improvement in comparison to the way in which groceries were traditionally ordered and distributed. As a respondent put it: “Food supply is going great. Before, we had 650 shopping lists, one for every detainee. They had to be filled in and collected, and products had to be bought and distributed. It often appeared that detainees ordered products for which they had no budget. This meant phone calls and bureaucracy. The consortium came up with a touch screen and every detainee has their own pass with money with which they can order and pay directly. That saves time and money and it gives the detainees the feeling of freedom and personal responsibility.”

The idea that by procuring the project according to DBFMO principles, the procurer would lose control seems to have increased the procurer’s expectations with respect to quality and their effort at controlling quality. As a respondent put it: “We sometimes demand much more than we would demand of our own organization. But because you give away control, you want to make sure it is perfect. And because of that, everything got quite tense during the first year of the operation.” Another interviewee described the situation: “The service levels are not higher but we control and safeguard them better. DBFMO creates a situation in which you work together but at the same time you are each other’s enemy. I mean, they are not from our own organization.”

With respect to quality in relation to safety and security, the consortium and the procurer have the obligation to prove that the technical solutions and chosen materials are in accordance with the national norms of the RGD which is ultimately responsible for safety and security of all detention centers. Although special attention was paid to the validation of security and incombustibility, it was argued that this is not DBFMO-specific given that these standards apply to every detention center no matter the way in which it has been procured. Despite the fact that the quality of the solutions and material was in accordance with the norms of the RGD it was argued that the consortium sometimes did not come up with the solutions they were expected to provide. A respondent illustrated the point: “Security is our priority so we

wrote down that there is a recovery time of zero seconds to fix a security camera. This implies that they will be fined immediately once a camera fails. In stipulating this we hoped to encourage the consortium to place two cameras in every corner. But they haven't. Then I think, haven't we been clear?"

In relation to the financial mechanism that in theory can help the procurer to ensure or improve service quality, the effectiveness of the system did not appear to be guaranteed. As a respondent described it: "I was too naive in thinking that with fines of a hundred thousand euro they would improve service delivery. That is not true in this case." The fact that the financial incentives do not always help to stimulate the quality of the service delivery has perhaps to do with the initial tolerance of the procurer with respect to the application of the fines. As a respondent admitted: "At the beginning we were tolerant about fines. We played with the fines to get what we wanted. I do not know whether that was smart and I know that in other projects, they are stricter with this." Not using the financial mechanism as it should be seems to impact on quality during the operational phase. A respondent confirmed this: "The fact that they do not use the financial mechanisms as they are supposed to makes it very difficult to steer quality." The procurer, however, argued that fines related to safety, are always applied since irregularities that concern safety and security might harm the primary processes. Another respondent said: "With respect to safety we use the highest fines. I cannot tell my minister, sorry it was the consortium. Citizens will not accept that. Neither will politicians."

When it comes to safeguarding quality, the procurer as well as the consortium indicated that the price that the state is willing to pay influences the quality level. Although during the bidding phase bids are awarded on both price and quality, it was suggested that price is the most important factor. As a respondent put it: "I have been involved in many projects and we almost always select on price. If there is relatively little money provided for the operation, then it is logical that the operation will be bad. If we want quality, we should select on quality and not on price." One interviewee explained: "They sometimes forget what price they paid us: if you don't invest in golden taps, we won't give you golden taps."

Given that the consortium is obliged to hand over the detention center in accordance with the output specifications at the end of the contract period, the procurer is hopeful that quality in the long run will be safeguarded. A

respondent summed up: “I believe that once the contract is over, we will have a good building and that quality will not have suffered. I don’t think, however, that we will have saved any money, but that is another question.”

Whenever service delivery is not as agreed upon, the financial mechanism should allow the procurer to stimulate the consortium to overcome irregularities. It does not always work that way. As a respondent argued: “If you want to make sure they do what they have to do, we have to make sure we are able to control them the right way. And in that respect, we still have a lot to learn.” Since the procurer does not know exactly how much money the consortium earns or loses with the provision of services or products, it is difficult to determine the correct level of fines. As a respondent said: “I am not a financial expert but they tell me a fine is a percentage of the profit of the sub-contractor. But I think it is pure intuition and guesswork. We have tried to standardize fines and recovery periods. But I did not get the feeling that we had any idea what their price or investment actually was.” Another respondent said: “The level of the fines is just an estimate and it is no surprise that this system sometimes does not work. Calculating the level of the fines is difficult: they cannot be too high or too low. We use a standard but the consortium tells me the fines are too high.”

The failure of the financial mechanism not only has to do with difficulties in determining the level of fines but also with the irregular application of fines. Whereas the procurer *could* fine the consortium for every irregularity, they appear to not always do so. As a respondent explained: “The fines do not always have a direct effect. Sometimes, when fines are as high as the complete availability fee for one month, you have to ask yourself whether it makes sense to use them. But then again, if you do use them, you see that suddenly the directors come and visit our center to see what their consortium is doing.” The irregular application of fines does not seem to support the effectiveness of the financial mechanism. A respondent put it this way: “I understand that when you talk with the consortium you start to believe that they are very unhappy but I would advise nobody to listen to that. You should definitely use the financial mechanism whenever you can. Lawyers and financial advisors say that all the time. Do what the contract says. No mercy. That is also my style but I do realize that reality is not quite so one-dimensional. This is the stuff of contract management and it’s very difficult.” In terms of how the contract management team applies the fines, DJI suggest there is hardly any knowledge

exchange on that with the RGD. As a respondent suggested: “The fines are not always applied and I must say that I do not know what they think of that at the central level. We also do not get much information about what we should and should not do in that respect.”

5.4 Conclusion

The findings reveal that during the preparation phase only a few external advisors were hired and this seems to facilitate the procurer’s accountability for the start conditions of the project. However, although the involvement of the procurer might have been high, this does not guarantee its ability to account in qualitative terms for the preparation phase. In this respect a distinction can be made between accountability in terms of the *availability* of information on agreements, norms, rules, and prices and accountability in terms of public servants understanding and being able to *explain* what those agreements, norms, rules, and prices actually entail. The fact that only a very few people were involved during the preparation phase and there was little diffusion of project information within DJI and between the RGD and DJI, might turn out to be a threat to accountability in the long run when key actors leave the organization.

The integrated approach to preparation required by the nature of the project seems to increase transparency in comparison with traditional projects in terms of the juridical, financial, and technical project parameters as well as the expected output level. The level of transparency provided by the contract and output specifications, however, is not always guaranteed given the fact that they sometimes contain ambiguous norms. The transfer of responsibilities to the consortium seems to have triggered the procurer’s concern for transparency and seems to have increased the level of transparency requested of the consortium and provided by it. The obligation for performance monitoring seems to increase transparency in comparison with traditional projects where such monitoring is often absent. However, the accuracy of monitoring reports is not guaranteed given the relative subjectivity of the measurements and interpretation of the monitoring results. While long-term financial planning provides for financial transparency, the pre-determined availability fee does not make transparent in any detail what the money buys. The registration of extra work and costs is considered to be more transparent when compared with traditional projects, although the procurer has difficulty

making sense of this information and overseeing the amount of paper work required.

The relatively small number of external advisors hired and the involvement of the RGD and DJI seems to have facilitated responsiveness during the preparation phase. In order to ensure that the consortium would provide a specific solution in certain circumstances, the procurer sometimes used input rather than output specifications. During the construction and operational phase, the procurer has been able to change both the contract and the output specifications. However, given that every adaptation influences the level of the availability fee, adaptations are preceded by negotiations that impede the procurer from influencing the operation immediately. By intentionally excluding certain services and products from the contract, the procurer has guaranteed its own responsiveness in respect of those elements.

The consortium provides what has been agreed upon in the contract and output specifications although neither document always guarantees compliance. Problems in that respect are the result of incomplete, incorrect, or ambiguous formulation of certain output specifications and risk distribution that allows for different interpretations of what the consortium is actually responsible for. Not only do the consortium and procurer have discussions on who is responsible for what: Consortium partners also experience problems in that respect. The dependency on sub-contractors, the absence of cooperation, and the contractual demarcation that separated the financial involvement and the risks of the consortium partners at times restrict the consortium's responsibility for service delivery.

The quality provided in terms of the project's technical and functional assets, is considered good whereas the procurer is less positive about its esthetics. The quality of the operation was considered disappointing because of non-delivery and the malfunctioning of systems. In addition, the interpretation of the output specifications by the consortium did not always match the expectations of the procurer in terms of quality. But at the same time, some innovative solutions provided by the consortium did surpass the procurer's expectation in terms of quality. And over time the quality of the operation improved. The application of fines positively influenced the quality delivered although the effectiveness of the financial mechanisms could not always be guaranteed because of inconsistent fining and wrongly estimated levels of fines. Table 12 summarizes the influential conditions per value.

Table 12: Influencing conditions per value

	Positive influence	Negative influence
Accountability	<ul style="list-style-type: none"> -Little dependency of procurer on external advisors -Project preparation 	<ul style="list-style-type: none"> -Few people involved during project preparation -Poor diffusion of information -Lack of performance monitoring -Lack of understanding available financial, juridical and technical project information -Outflow of personnel
Transparency	<ul style="list-style-type: none"> -Integrity of contract -Integrity of output specifications and financial mechanism -Long-term contract -Long-term financial planning -Performance monitoring 	<ul style="list-style-type: none"> -Ambiguity of contract -Ambiguity of output specifications -Incomplete contract -Lack of experience in output specification development -Lack of knowledge in financial aspects of project -Late development of monitoring system -Long-term financial planning
Responsiveness	<ul style="list-style-type: none"> -Contractual clauses that allow for intervening -Excluding essential tasks from scope of contract -Influence with respect to formulation of output specifications and contract -Little dependency of procurer on external advisors -Room for contractual changes 	<ul style="list-style-type: none"> -Lack of experience of output specification development -Long-term contract
Responsibility	<ul style="list-style-type: none"> -Contract -Output specifications 	<ul style="list-style-type: none"> -Ambiguity of contract -Ambiguity of output specifications -Ambiguity in risk distribution -Demarcation within consortium -Little experience of integrated performance management in consortium -Unwillingness of project members
Quality	<ul style="list-style-type: none"> -Contract -Higher norms -Integrity of contract -Long-term commitment -Output specifications 	<ul style="list-style-type: none"> -Ambiguity of output specifications -Budget -Inaccuracy in calculating fines -Inconsistent application of fines -Little attention paid to operational phase during preparation phase

6 The Wastewater Project

6.1 Introduction

This chapter presents the findings of a case study on a DBFMO project to construct, renovate, maintain, and operate wastewater installations. The chapter is structured as follows. Section 6.2 provides a short introduction to the project and describes its scope and content. Section 6.3 and the following subparagraphs, present the findings organized by value. Section 6.4 provides the conclusions.

6.2 Project description

The Netherlands is divided into 25 water boards that manage the water quality, water level, the condition of waterways and water barriers, and water purification. Each water board consists of a general and an executive board, directed by a dike warden who is appointed every six years by the government. The general board consists of democratically elected members whom select members for the executive board that, together with the dike warden, function as if they were the mayor and municipal executives of a town.

According to Dutch water board law, water boards have the responsibility for cleaning wastewater before discharging it into open water. European rules dictate the standards for pollution, nitrogen, and phosphate removal. Around 1995, a Dutch water board district faced European sanctions for not meeting these standards. The water board responsible faced a complex problem. Not only did they have to make sure that European norms were implemented correctly, they also needed to increase their capacity given the expansion of the already densely populated water board district next to the North Sea. Time was running out, money was scarce and knowledge with respect to the construction of a new and larger water purification system was not available. The estimated costs of about 650 million euro were considered to be far too high and the water board decided to investigate how norms could be met for the lowest possible price. In the search for more economic alternatives, the possibility of DBFMO was discussed and explored between 1998 and 2000. Various members of the general board as well as the Union of Water Boards, the Province and the National Department of Waterways and Public Works (*Rijkswaterstaat*, here after RWS), did not support the idea of construction by DBFMO. The State Secretary, however, approved and encouraged the

DBFMO initiative, paving the way by adapting the legislation. Despite the initial resistance, the general board eventually approved the plans for DBFMO on October 2000. On December 4, 2003 the water board signed a DBFMO contract with a Dutch-French consortium that will last until 2033. This project is the very first DBFMO project in the Dutch water sector as well as the largest purification installation in Europe.

The scope of the contract entails the renovation of an old water purification installation and the construction of a second and far larger purification installation at a different location in the water board district. In addition, the consortium is responsible for the maintenance of the asset and the actual execution and management of the water purification process. Public servants who worked at the renovated water purification plant now work for the consortium and, as such, lose their status as public servants. The water board remains responsible for the public task of purifying water and owns the asset from day one. In order to manage the contract, the water board formed a contract management team to take care of the daily supervision of the contract. From March 2007, both water purifications installations were in use.

6.3 Findings

6.3.1 Accountability

During the preparation phase in which the procurer prepares the contract and output specifications, it seemed necessary to hire external advisors since the procurer had only little or no knowledge of DBFMO procurement and its requirements. Although in the case of traditional procurement, the procurer would also depend on external advisors, because of the juridical, financial, and technical procurement requirements of the DBFMO, the need for external expertise was even greater. A respondent described the situation: “We have had externals for everything. There were a few public servants involved but almost all expertise was hired in. We did some things ourselves but we simply do not have that type of knowledge. In a traditional project you also need externals but you do not need all the juridical and financial knowledge that DBFMO procurement requires.” Although the dependency on external advisors was considered as hindering accountability, interviewees suggested that national as well as local governments tend to hire in external advice because it is too costly to internalize such knowledge. An interviewee

illustrated: “It is always a risk to hire externals but that’s the way it goes. You have to trust them because you cannot do it yourself and I do not want to have that knowledge in my own organization because it’s not worth the costs involved: we build a water installation every 100 years.” In order to be able to account for the project at all, the procurer needed external advisors to help with the necessary development of the juridical, financial, and technical parameters. A respondent put it: “We simply needed external knowledge. Otherwise, we would be just too exposed. That sounds strange, but there was no knowledge [internally] and if we had done it ourselves, that might have caused big problems. We spent millions and millions on hiring international experts to help us with the preparation of the project so that we could be held accountable; so that we could always explain and defend what we were doing.”

Although on paper the procurer is able to account for the project, accountability in the sense of understanding what the contractual agreements entail seems not to be *by definition* safeguarded. As a respondent put it: “Accountability is not safeguarded *per se*. You have a contract but that does not speak for itself, literally. You need to have people in your organization who are able to understand it and who are able to indeed account for what we have agreed upon.” The fact that key actors often leave the organization after a certain period does not seem to facilitate accountability. A respondent explained: “When project managers leave, it is difficult to retain their knowledge.” In a similar vein, a respondent argued: “There are very few people that are constantly involved. You try to write everything down but the contract does not give all the answers. I predict that in the future there will be only few people here that are familiar with the project details.”

The procurer’s ability to account for the project during its construction and operation was not initially helped by the contract management team’s lack of experience with DBFMO procurement. This team consisted of public servants who were assigned as contract managers after reorganization and they had no experience of contract management. An interviewee stated: “Their project director was very smart, but the rest? I wonder whether they all understood what was going on. You have to understand all the components: juridical, technical, financial and I think that the public side’s financial and juridical knowledge was underdeveloped. And you see that in the contract too. They often ask questions where the answer is already in the contract.” Due to

personnel changes and by training, the professionalism of the contract management team did increase during the project.

The contract management team is often faced with questions about accountability from the general board who do not understand the contract in the way that the contract management team does. In that respect, a respondent argued: “There are people who understand absolutely nothing about this project and who ask questions about that. For some reason, they think accountability would be better preserved if we did it all ourselves. But I can tell you one thing: in traditional projects, there are many not-so-clever public servants who have no idea about the content of their project.” Given the long-term character of the project and the fact that the composition of the general and executive board changes during the contract period, the contract management team finds itself obliged to account for the project with each change. As a respondent illustrated: “Once you sign a contract, political interest wanes. And then, with every reconstitution of the water board, you get the same questions, but they just do not know what the project is about.”

6.3.2 Transparency

The fact that the decisions made during the preparation phase have an impact throughout the contract period seems to stimulate the procurer to prepare the project very thoroughly in comparison with traditional procurement. As a respondent explained: “With this contract, 95% is organized before you start. You do not see that in traditional projects because we do not tend to think about maintenance.” Similarly, another respondent stated: “DBFMO is much more transparent and predictable because at the outset you have already thought about the future. If you were to plan a project yourself, you would not write everything down because you only think a few years ahead.” Ironically, the detailed contract and output specifications make the mistakes very transparent too. An interviewee explained: “With this type of contract, certainties as well as uncertainties become transparent. You can see what we have organized and what we have forgotten, what we have done well and what mistakes we have made.” Moreover, the long-term character of the project seems to increase transparency in that the expectations of the procurer are understood over a long period of time. As a respondent put it: “I have been a public servant all my life and I can tell you we are not to be trusted! No matter what we agree upon, we eventually want to change it. That is not good. With

DBFMO, at last there is stability; a government commits itself over a long period of time. These contracts bring stability, transparency.”

Logically, the replacement of input specifications by output specifications decreases transparency in terms of input while at the same time increasing it in terms of output. As a respondent illustrated the point: “When you use output specifications it is not transparent *how* the consortium is going to avoid smells coming from the water tanks but at the same time it is transparent in the sense that they know what norm they have to meet.” Using output specifications does not simply by definition provide for complete transparency. In this respect, a respondent argued: “You have to accept that it is simply impossible to write down everything that’s going to happen over the next 25 years. Output specifications are perhaps not as transparent as inputs, but transparency is never guaranteed when the future is involved. We have tried to think about future scenarios but the future remains unpredictable.” It was suggested that the quantitative national and European norms concerning water quality provided for sufficient transparency in order to direct the consortium’s performance. A respondent said: “We have used many quantitative norms and I think they are straightforward enough for the consortium to understand what we want.”

During the construction phase, the consortium is obliged to monitor, register, and report on the project’s progress to the procurer which seems to enhance transparency compared to work experience on the old plant. As a respondent argued: “Everything becomes clear: if you see what reports we have to make. Normally we don’t have that.” Another respondent explained: “You have to show what you have done, what you are going to do and how. If there are changes or irregularities, you also have to mention that. The procurer has always been satisfied with these reports.” The consortium appeared very willing to provide as much as transparency as necessary with respect to the construction and operation in order to satisfy the procurer and to establish a reliable reputation. A respondent argued: “We welcomed the procurer’s control mechanisms because this had to be a successful project. We saw a possible new market in front of us. So we were happy with all of their control and feedback.”

During the operational phase, the consortium used a certified quality system that registered and monitored their performance in terms of, amongst others, the amount of purified water produced. Besides the consortium’s monitoring

activities, the procurer and the Province conducted incidental tests and asked for external audits. The procurer is satisfied with the amount of transparency generated by the various monitoring activities. As an interviewee put it: “Monitoring works well, I must say. We know much more about this project than we did about our own installation. For example, we never registered adequately the amount of dirt removed from the water and now it appears that we used mistaken figures as the basis of the financial reward for dirt removal. The consortium is happy with that because they do nothing and yet meet the standard. That perhaps shows how we used to work here.”

Although the monitoring reports provide information about the procurer’s performance, the accuracy of these reports is not guaranteed *per se* and it was argued there always exists a chance that reports are manipulated. However, it is suggested that the monitoring activities from the procurer help to avoid such manipulation. A respondent put it this way: “We send them reports but are they transparent or accurate? You hope so. But you can manipulate everything. You can even manipulate your own bank account. You have to trust each other. That is the essence. If they are not going to trust *our* reports they can always conduct their own tests and compare our numbers with theirs.” Likewise, another respondent explained: “Are all those reports accurate? I cannot say. But we feel that they are correct. If I pay for water plants and I do not see them, something is wrong, obviously. The consortium has to report properly. We check things throughout all the different project phases. That was not always easy, and you cannot say that you have complete control but there have been no significant problems until now. I would not dare state that everything is correct but I always read their reports and when it seems that I don’t have to worry, then I don’t.”

Despite the fact that the consortium and procurer worked together on the creation of the quality management system, it did not directly provide the level of transparency expected. As well as there being technical flaws, the suboptimal functioning of the monitoring system was ascribed to the way in which the monitoring system was used by personnel working at the renovated plant. Former public servants did not seem to realize that monitoring was essential in DBFMO. An interviewee explained: “We had to take over the former employees of the renovated plant and they had problems with monitoring and reporting. Suddenly they were expected to control and check where they had never done that before. They had a difficult time with that.”

Similarly, another respondent described the situation: “We had some problems with the system in the beginning. The team at the renovated plant was a team of former public servants. They have since learned a lot about reporting and how to work transparently. They were not used to recording, controlling, and reporting. Perhaps they knew what they were doing but they never made their work transparent in the sense of documenting everything.”

DBFMO implies a structural and intensive role for private consortia and that seems to have prompted the water board to require transparency. An interviewee described: “With PPPs the public partner is very skeptical. With traditional projects, they think that because they do it themselves they do not need to have so much control.” Although the procurer might have requested more transparency than would normally be the case, respondents argued that there was surprisingly little supervision carried out by the contract management team. Apparently this had to do with the trust between the procurer and consortium. As a respondent described: “What was surprising was the small amount of supervision the water board felt it needed to provide. In the beginning there were only two or three people supervising. You would expect them to have had slightly more interest because they had the overriding responsibility to the community to guarantee that everything was ok. But I think that during the preparation phase, the water board had been comfortable with the level of expertise and control that the consortium partners had delivered. I have seen other projects where there is much more supervision.” Another respondent said: “The water board’s level of supervision was insignificant. They put a great deal of trust in the project company and relied on them to deliver.” In addition, the procurer and consortium communicated frequently and both parties proactively sought cooperation with respect to transparency. As a respondent described it: “In this project, there was a lot of contact and cooperation between the procurer and the consortium and they controlled the project jointly. I have been involved in several projects but to me, in that respect, this has been the most successful project until now.” Although the contract management team is satisfied with the level of transparency and monitoring, water board employees are often critical. An interviewee argued: “They often do not trust it [the monitoring report]. When they say a report is vague and not transparent I tell them that all the information is there and that they should just read it. We work with these reports every day and we have confidence in them but other people keep

asking: 'Why don't you control more? How can you trust them?' Our response is to say: 'That is a feeling.' If it goes terribly wrong, we will notice."

The long-term planning provides for financial transparency for the procurer as well as for the consortium. As a respondent described it: "I won't say the financial mechanism is perfect, but it's nearly perfect. For us as a consortium, there are rarely surprises and that is a nice context to work in." Likewise, another respondent said: "We have a transparent financial system. Everything is written down and when we change the contract, the financial mechanism is adapted too and that is all carefully recorded." Whereas the contract management team felt comfortable with the level of transparency in relation to the financial aspects of the project, that was not always true of the general project board. During the project, several external auditors were brought in to evaluate the project's financial impact and sustainability. Despite a positive evaluation of the current financial position (in terms of costs, indexing, and tariffs), the auditor concluded that the water board had failed to calculate the long term financial consequences. An interviewee described the situation: "Our system is not used to calculating economic impact over a thirty year period. They should have done that because you need to know the consequences for your tariffs. We made some suggestions but our calculations were not thorough enough. We thought it unnecessary: we didn't think others did that. In retrospect this shows our lack of experience, but at the time we were in a hurry and just wanted the best possible solution for the lowest price. What it meant for our overall financial situation was not an issue because we simply had to get the job done."

In terms of the financial justification of the project as a whole, the water board's internal auditor found it difficult to understand the way the project was organized financially. A respondent described the position: "Our financial auditor still has difficulties. His system is just not yet ready for DBFMO. In this example you see that the institutional change that DBFMO requires have not been implemented at all organizational levels." Given the nature of the performance contract, the level of the availability fee may fluctuate so that monthly bills from the consortium are not equal. A respondent argued in that respect: "The variable costs are most problematic for the auditor. Their financial department finds that difficult. They are used to receiving the same bill every month. But they pay very little attention to exactly what the bills are for."

6.3.3 Responsiveness

The number of external advisors that was hired and their apparent influence on decisions making and the development of the output specifications seems to have hindered responsiveness in the sense that important decisions were not made by the water board itself but rather by external advisors. As a respondent put it: “It is impossible to describe how many advisors there were during these meetings. Big meetings about big decisions and they were all prepared and made by external advisors. That is fine, if that is the choice you make as a procurer. Is it smart? I don’t know.”

Although the consortium is ideally given enough room to interpret the output specifications in such a way that they come up with innovative and optimizing solutions, in this project it was decided that the consortium would be given little room for maneuver since the new type of procurement was already considered a radical and risky departure. As a respondent argued: “The idea of DBFMO is that you give the consortium the opportunity to come up with innovative and creative ideas. But in that respect we made a compromise: DBFMO, but with traditional purification processes. We wanted security.”

During the construction and operation phases, the procurer was able to change the contract and output specifications as long as it did not disadvantage the consortium in financial terms. In contrast to the suggestion that after contract closure, the procurer has no influence on the contract, a respondent argued: “A contract offers more space for change than you might think. The contract provides clauses that allow us to change performance expectations if we want to. We have to pay for it of course, but we can ask whatever we want and the fact that we have a contract, does not mean we sit still. We have a joint project with the consortium in which we try to search for technical optimization. So the fact that we have a contract doesn’t stop us from innovating.”

Despite the fact that it is possible to change the contract, it is not ideal to do so too often and, given their administrative and financial implications, contractual changes must be well considered. In contrast to the contract management team, general board members did not always understand the need for this reluctance to make changes to the contract. As a respondent described: “I think that general board members do not always understand what it means to have a DBFMO contract. They often ask questions whose answers are in the contract already, or they suddenly want to change things that you cannot

simply change without changing the financial model. They find this strange.” After elections the composition of the general board changes. This means that the contract management team is faced with the same questions about responsiveness from the new board. As a respondent stated: “That political reconfiguration is sometimes very annoying. Every four years we need to explain that they cannot change whatever they want. It is difficult for politicians. They want to have something of their own and have an opinion about anything when suddenly they get confronted with a contract that is already in place.”

Although the procurer is able to change the contract and output specifications if they are willing to pay for it, it appears that the contract does not leave room for implementing cutbacks demanded by the national government. For example, because of the financial crisis, the Dutch national government forced all water boards to cut costs. Given that the consortium’s business model is based on the availability fee agreed upon during the bidding phase, the procurer is not able to change the financial parameters to reduce remuneration. A respondent illustrated the point: “If The Hague [the political capital of the Netherlands] says that we cannot raise prices or that we should save money then that is difficult. There is no room for cutbacks and with respect to variable costs: We are not able to influence the amount of dirty water we receive. We cannot influence that and we are no longer able to lower the cost price because that is set down in the contract.” Political influence seems to decline because of long-term contracting not only in relation to financial housekeeping but also in relation to other aspects of the project. As a respondent described it: “This is infrastructure and it lasts about 100 years: You should not want to change our decisions every 5 years. Normally everyone wants to have their say. But we have done that in 2003 to last until 2033. Thirty years of little political intervention. I think that is good for the continuity of the project.”

6.3.4 Responsibility

Despite startup problems, the consortium was able to deliver the asset in accordance with the output specifications and prior to the official agreed date for which they received a bonus. A respondent said: “At the beginning, we were nervous: Would they take their responsibility seriously? Had we outlined well enough what we wanted them to do? And although the consortium did

not seem very proactive at the beginning, their director made sure it always performed well.” The initial non-proactive attitude of the consortium might be explained by the ambiguity of the contract and output specifications. Although, in general, the consortium and procurer were satisfied with the quality of the output specifications and contract, at times both documents appeared not to provide clear indication of what needed to be done and by whom. A respondent described the situation: “Sometimes it was unclear what the contract required: should we interpret it in one particular way or in another? When the consortium tried to make us accept responsibility we said: the contract is clear on this point so we are not going to do what you ask, were you guys sleeping when you signed the contract?”

With respect to the operational phase, startup problems were solved rapidly and the degree of discussion about responsibility between the procurer and the consortium appeared to have been very small. The procurer and consortium painstakingly discussed the distribution of risks and responsibilities during special risk sessions, and this might have helped to prevent non-compliance. As a respondent argued: “I think this case was a success in avoiding non-compliance because we held risk sessions with the consortium. So we talked about risk and responsibility very carefully. We knew who was responsible for what because we communicated.” Besides, the relatively well-defined output specifications seem to have left little interpretative space for discussion to arise. As a respondent argued: “The scope and output specifications are very important. If they are clear, you can hardly expect big problems. And that area was organized well in this project.” Another respondent put it simply: “We just have quantitative national norms. Everything is measureable. So that is relatively easy.”

Despite the general satisfaction with the way in which the consortium carried out its operating responsibilities the procurer had to confront one significant problem that concerned a bad odor originating from the water tanks. Once the water purification plants were in use, local residents complained of an odor coming from the water purification area. During the design phase, the consortium had taken the decision to cover the water plants with floating roofs that did not fully close off the water plants. Unfortunately, these roofs were not able to stop the bad smell spreading. Since it was impossible to measure objectively whether there was a smell, the consortium was obliged to investigate the complaints by hiring a specialist company to

determine whether local residents were affected by a smell escaping from the water purification installations. Since the contract stated that the consortium was responsible for managing possible problems relating to odor, the procurer had no intention of getting closely involved with the issue. Although the procurer was no longer responsible for the actual operation, local residents did expect the procurer to step forward. For this reason, the procurer decided to cooperate with the consortium. As a respondent explained: “We as the water board felt partially responsible, though technically it was the consortium’s responsibility. So when local residents started to complain, we worked together to demonstrate that we are a responsible water board with a responsible partner. The consortium did a good job in that respect.” Although the consortium was not pleased with the eventual test results that showed there was indeed a problem to solve, they took their loss and replaced the roofs. Although the consortium was willing to finance the replacement of the roofs, the Province threatened the consortium with a financial penalty, arguing that it took the consortium too long to overcome the problem of the smell. The Province argued that the consortium should have solved the problem within three months but the Council of State reasoned that this was technically impossible. As a result, the Province was not allowed to penalize the consortium and the consortium was given six months to repair the problem.

Discussions about responsibility between the procurer and the consortium were perceived to be rare whereas discussion about responsibility seemed to occur more often *within* the consortium. The consortium was contractually and financially divided into two groups: a design and build group and maintenance and operate group. The quality of the work provided by the design and construction companies might have great financial and qualitative implications for the maintenance and operation of the installations that would be taken care of by the operating company. The financial separation implies that the design and build companies have no financial interest during the maintenance and operating phase nor vice versa. Although this financial demarcation might function well when there are no interface problems, it did not seem ideal in this project. A respondent explained why: “With the pumps, for example, we have had a lot of discussion. The construction company used a type of pump that was more expensive to maintain. In theory, that means an extra investment from the operating company. We solved that problem internally and it did not harm the service level itself but rather our own budget.” In

relation to the organization of the consortium and responsibility, the consortium argued that in retrospect, they would not have chosen to separate design and build and maintenance and operation into two groups. A respondent explained: “In normal projects you do not depend on each other as much. In DBFMO we form one organization. DB and MO is one. At least, that’s the theory. We have discovered that it is perhaps better not to separate DB from MO, so that one feels more responsible for the other. But in this project we haven’t done that. The construction company is not used to taking responsibility for the MO part but bit by bit they will get used to that.”

The inclusive and cooperative attitude of the contract management team helped the consortium to solve their internal problems in such a way that actual service delivery did not suffer from the discussion between the consortium partners. A respondent explained: “In my opinion, we cooperated well, thanks to the contract managers on the public side. They would say: We see there’s a problem and we see that you are searching for a solution so we won’t use the fines. They always reminded us what their norms were but did not threaten us with fines and this gave us a bit more time to solve the problems.” Corroborating this, another respondent explained: “We use the fines to keep them sharp but only when it is absolutely important to us. We are not going to tease them with fines for things that are minor.” In addition to the constructive cooperation between the procurer and the consortium, the detailed interface agreement between the construction and operating companies seems to have helped prevent problems with respect to internal responsibility from arising. As a respondent explained: “We had a very detailed interface agreement. We wrote down what the design and build party had to deliver to the maintenance and operating side. That was a very professional document that I do not always see in other projects.”

6.3.5 Quality

With the exception of the floating roofs that caused the odor problems at the start of the operational phase, the procurer is satisfied with the quality of the renovation and construction of the water plants. As a respondent put it: “We have had hardly any questions about the quality of their work and we are very happy with the quality they deliver.” The quality of the construction, the design, and the technical solutions was suggested to be even higher than would have been the case if the procurer itself had been responsible for coordinating

the construction. As a respondent argued: “PPPs is a great stimulus for technical optimization. I think that if we had done it ourselves, we would not have been able to deliver what they have. We miss that stimulus, while a commercial party always searches for an optimum.”

Again, with the exception of the odor problem, the procurer is satisfied with the quality of the operation, possibly due to the careful preparation of the operational phase. A respondent explained: “We had scarcely any problems with the operation. There may be problems with it in other projects but the operation side is our primary process so we invested a lot in its preparation. The problem with the bad odor was actually the only big problem. When that was solved, we were able to look back on a successful project.” The consortium started relatively early on preparing for the operational phase. As a respondent explained: “What was quite unusual in this project was that the operating team started work about 3 months after the project started while their first deadline would not be for 18 months. I think they realized that the operational stage had to be prepared carefully.”

The level of fines used by the procurer has been low throughout the project. As a respondent put it: “I think the consortium has been fined, but I cannot remember when and what for.” Another respondent confirmed this: “Once in a while they receive a fine. In general, they are not that high. Sometimes the output is not as expected because of bad luck, for example the bad odor problem, and sometimes there are technical problems. Sometimes the production capacity is too low and sometimes they exceed emission norms. I know the procurer is satisfied. Sometimes little problems are exaggerated but in general, they are pleased and we also communicate that to each other.” Communication and the apparent good relationship between the procurer and the consortium seem to have helped the quality of the project. An interviewee argued: “As far as I can see, and I have not shared this with others, this project has the best relationship between procurer and consortium that I have seen in the last ten years and that determines the overall quality.”

The fact that the process of water purification has no direct connection to users might have positively influenced the procurer’s opinion with respect to the quality of the operation. As a respondent explained: “The consortium does what it has to do and there are no public servants or citizens involved in the execution of that process. Many people don’t even know that we purify water.” Another interviewee expanded on this view: “In PPP projects concerning

public utility buildings [such as a school, or a detention center], the perception of the user is very important. The users judge whatever the consortium does. Some like the coffee, others do not. In this project, you don't have that user involvement. It is much more objective. We measure the quality of the water that enters and the quality of the water that goes back into the sea again." Besides, the technical character of the operational phase, in allowing for the use of quantitative output specifications, seems to have provided relatively little room for interpretation of the output expectations. This may have helped the procurer to assume the consortium would provide what was expected. As a respondent put it: "The fact that it concerns a simple product, a simple organizational structure and a technical process that allows for standardizing output norms has had a great influence on the overall quality."

6.4 Conclusion

The dependency on external advisors seems to facilitate accountability on paper while hindering accountability in terms of the procurer understanding the ins and outs of the contract and output specifications. The fact that only a few people have been involved during the preparation and later there is an outflow of key actors also hinders accountability. The lack of experience and knowledge on the part of the contract management team did in the first instance impact negatively on accountability but, with training and staff changes, their capacity to account for the project increased.

The integrated and long-term nature of the project stimulates transparency because of the detailed project preparation required. The replacement of input specifications by output specifications implies a decrease in transparency with respect to inputs but an increase in terms of the expected output. Performance monitoring stimulates transparency and since the procurer is looking for transparency, the consortium is motivated to provide it to satisfy their client. The various monitoring activities provide the procurer with sufficient project information although monitoring is not always carried out correctly. Despite the procurer requesting greater transparency, it carries out relatively little supervision. The long-term financial planning provides for financial transparency although the impact of the project on the rest of the water board's financial housekeeping was not transparent.

The great number of hired externals seems to have hindered responsiveness during the preparation phase. The procurer is able to change the contract

during the construction and operational phases although there is a reluctance to change too much given the administrative and financial impact of adaptations. Long-term integrated contracting does not provide room for financial cutbacks since the consortium's business case is based on the initial contract and output specifications.

The consortium provided as expected during the construction and operational phases with the exception of the problem with the bad odor. The quality of the output specifications that entail quantitative technical norms, the various risk sessions held with the consortium, and the intensive communication between the procurer and consortium seem to have provided the consortium with insight into the procurer's expectations on areas of responsibility. Discussions with respect to responsibility between the consortium partners were managed effectively by the consortium's contract manager who tried to overcome problems arising from financial demarcation by forcing consortium partners to share responsibility for the overall project. The detailed interface agreement between the consortium partners further facilitates responsibility.

With some exceptions, the procurer is satisfied with the overall quality of the asset and service delivery provided by the consortium. Integral long-term procurement seems to have facilitated technical optimization. The careful preparation of the construction and, especially, the operational phases has guided the consortium in such a way that the expected quality has indeed been delivered. The fact that the primary process of the water cleaning plants is isolated from any direct users and the technical character of the operation process, seem to influence the procurer's perception of quality positively. Table 13 summarizes the influential conditions per value.

Table 13: Influencing conditions per value

	Positive influence	Negative influence
Accountability	<ul style="list-style-type: none"> -External advisors -Training contract management team members 	<ul style="list-style-type: none"> -Dependency of procurer on external advisors -Lack of knowledge of content of contract -Lack of knowledge of procurement -Outflow of personnel
Transparency	<ul style="list-style-type: none"> -Externalization -Long-term financial planning -Long-term contract -Performance monitoring -Quantitative output norms -Reputation 	<ul style="list-style-type: none"> -Output specifications -Suboptimal use of monitoring mechanism
Responsiveness	<ul style="list-style-type: none"> -Influence with respect to formulation of output specifications and contract -Room for contractual changes 	<ul style="list-style-type: none"> -Dependency of procurer on external advisors -Long-term contract
Responsibility	<ul style="list-style-type: none"> -Constructive communication between consortium and procurer -Cooperative attitude of procurer -Interface agreement in consortium -Risk sessions 	<ul style="list-style-type: none"> -Ambiguity of contract -Ambiguity of output specifications -Demarcation within consortium
Quality	<ul style="list-style-type: none"> -Clear scope -Early preparation of operation phase -Integrity of contract -Quantitative output norms 	<ul style="list-style-type: none"> -Technical difficulties

7 The Ministry of Finance

7.1 Introduction

This chapter presents the findings of a case study on a DBFMO project concerning the renovation, maintenance, and operation of the office of the Ministry of Finance. The chapter is structured as follows. Section 7.2 provides a short introduction of the project and describes its scope and content. Section 7.3 and underling subparagraphs, present the findings organized by value. Section 7.4 provides the conclusion.

7.2 Project description

When it became clear in May 2001 that simply repairing the climate system would not be enough to heal the apparently ‘sick building’ of the Ministry of Finance, it was decided that either new premises had to be built or that the existing accommodation had to be thoroughly renovated.

After consideration, the ministry opted for renovation through which a healthy, comfortable, assessable, attractive, flexible, efficient, effective, safe, and sustainable working environment had to be achieved. Around the turn of the century, the national knowledge center *publiek-private samenwerking* (PPS), considered nine projects for procurement according to DBFMO principles. These included the work on the Ministry of Finance. By 2004, minister of Finance Gerrit Zalm and State Secretary Wouter Bos had decided that the renovation of the Ministry of Finance would be the first national DBFMO project in the utility building sector.

Preparation for the procurement was undertaken by the Ministry of Finance in cooperation with the Government’s Building Agency (*Rijksgewoondienst*, hereafter RGD) and the European tender was announced in 2004. After a long and intense process of procurement preparation, consultation, negotiation, and decision making a DBFMO contract between the Dutch state (represented by the RGD as official procurer and the Ministry of Finance as client) and a private consortium, was agreed in November 2006.

The consortium thereby became responsible for the design and implementation of the actual renovation. The scope of the contract also included providing reception, catering, cleaning, sport facilities, bike rental, waste management, energy supply, and elements of security. Mail delivery, specific parts of security, and ICT were not included in the contract. In

November 2008, the renovated ministry came into use. A contract management team from the Ministry of Finance was assigned to manage the contract and was supported by the RGD.

7.3 Findings

7.3.1 Accountability

During the preparation phase, the RGD and a project team from the Ministry of Finance prepared the tender as well as the design of the contract and output specifications. Given that this renovation was to be the very first national DBFMO, the procurer invested much time and money in the preparation of these documents since they might function as an example for upcoming projects. To provide the specific juridical and financial knowledge needed for DBFMO procurement, the procurer hired a number of external advisors. As a respondent put it: “We were not able to do it ourselves. DBFMO asks for juridical and financial expertise so we hired that on the market. And when we had to make decisions we hired not one but ten lawyers. I think we were just very afraid of losing control.”

Despite the extent of external support for the procurer during the preparation phase, the procurer was intensively involved. A respondent describes the situation: “We had externals, but it was our credo as procurer that we always had to be one step ahead, so we always had to know what we were doing, and we always had to have 80% of the work finished before we went on to the next step.” The prudence of the procurement team was not appreciated by everyone, but it seems to have strengthened the procurer’s ability to account for the project preparation. As a respondent put it: “You have to prepare those projects carefully, if not, you just don’t know what you’re doing. Because of the intensive preparation, this project started slowly: too slowly according to some. They referred to it as the project of endless waiting. Even the Secretary-General commented that nothing was being done. In these circumstances it is important to say ‘no’ to your superior to and explain that the preparatory phase is most important. We wanted to be in control and we wanted to understand what we were doing.”

It was suggested that since the Ministry of Finance was the guardian of PPPs this project simply had to be successful. Neither cost nor effort was spared. As a respondent commented: “It is logical that our preparation was

thorough. The Ministry of Finance is a very well organized ministry and we work hard here. We are used to working with rigid deadlines and with money so in a sense, the effort put into DBFMO was not new. And we had very good people: the project director and his assistants were first class. They were knowledgeable and worked very hard to make the project a success. They understood what they were doing and they made it our project.” In the same vein, another respondent said: “The private sector parties told us they were surprised how professional we were. We prepared the project very well and we always wanted to be one step ahead. We kept the minister informed and we made sure the decision-making process was visible to the project group and that everything was written down and accessible in the archives.”

If the ability of the procurer to account for the project depends on the procurement being carried out in a professional manner, accountability could be at stake when procurers are less professional. In that respect a respondent argued: “When you have less enthusiastic, less professional people with less knowledge and expertise, then these contracts could prove too complex. If an ordinary school board or an ordinary city council member were to be responsible for procurement, they might not understand what they are doing at all. If you want to guarantee that those people working on the project can be held accountable, then it is necessary that they stay committed and that they invest time in the preparation of the project.”

During the transition from project preparation to construction and operation, almost all the key actors left the procurer’s team. This outflow of personnel impacted severely on continuity and although record keeping and paper work was intact, this does not seem to have contributed to accountability. As a respondent argued: “Of course, I cannot ask them to stay for 25 years but it would have been helpful to have them on board as construction finished and the operation began: Paper is only paper and what is most important is that you understand the intention behind the agreements. This is not to deny that paperwork is also important, but not everything can be captured in writing. There is much in their heads.” In a similar vein, a respondent outlined the risk: “The risk is that people leave. That is what happened here. I can call them if I need their information, but it just appears to be difficult to preserve information with this type of contract. There is a great deal of knowledge that you cannot write down. We did our best to record it all

but it doesn't work like that. On the consortium side that was even worse. After the construction phase, everyone left."

During the operational phase, the consortium is obliged to report to the procurer on its performance. Depending on the monitoring reports, the procurer determines the level of the availability fee to be paid. However, there was inadequate monitoring during the first years of the operation which meant that neither the consortium nor the procurer was able to account for service delivery and the payments made by the procurer. As a result, the procurer was not able to account to the internal auditor for the financial housekeeping. As one respondent illustrated the problem: "We were not able to account for what we did and our auditor was not happy. Our administration was simply flawed. The monitoring system didn't work. We have now agreed how to move forward while we are solving the problem. But the administrative set up wasn't as it should have been." Another interviewee explained: "Either we didn't get the bills and the information that underpinned them, or we got the bills and the explanation was vague. We found it difficult to determine if the costs were accurate. The idea of a monitoring and financial mechanism is great but then it has to work. In this case they promised things that they never delivered. So the National Auditor asked us how we could justify our performance without reports."

7.3.2 Transparency

The long-term integrated contract obliges the procurer to prepare the financial, juridical, and technical project aspects in detail. The requirement to do this seems to facilitate transparency. As a respondent put it: "With DBFMO you force the procurer to make decisions at an early stage of the project for the following 25 years. It forces everyone to make decisions and I think it is exactly that extra effort that helps us to make it very transparent what we expect." Making a similar point, another respondent explained: "With PPPs you look at the contract 100 times. Not once, but 100 times. If not, it will cost you money. Traditionally, if mistakes were made public servants could simply say that circumstances had changed and the mistakes weren't seen as mistakes. But now, if you make a stupid mistake it's very transparent."

Although the careful detailed preparation of the output specifications was perceived to be challenging, the process seems to have facilitated and even increased transparency in comparison with traditional projects. As a

respondent argued: “We were initially shocked to see what we had to describe. We had to think about everything much more than in traditional projects. Those output specifications; you get scared when you see them. You see service level expectations for the tiniest things written down there. Normally you don’t do that in this amount of detail.” Similarly, the distribution of risks and responsibilities seems to have become more transparent. One respondent said: “Those contracts get prepared so much better than traditional contracts. Risk analysis is a good example. Traditionally the procurer did not even consider risks. Now they *have* to think about it.”

DBFMO procurement replaces input specifications by output specifications. Whereas input specifications define how something will be achieved, output specifications define only what service level or output norm the consortium is expected to deliver. The replacement of input specification by output specifications decreases transparency in terms of exactly what will contribute to the end product or process, while at the same time, it provides more transparency in terms of what will actually be delivered. As a respondent described: “Normally you see drawings, pictures, and artist impressions but we no longer have that. We can no longer predict what the building is going to look like. They send us a drawing but the consortium is free to say ‘although this solution is very ugly, I am going to use it because I still meet the output expectations.’” The fact that the output specifications always leave room for interpretation seems to have increased the procurer’s demand for transparency. A respondent explained: “There is always a level of uncertainty but we work with standards and we measure whether they deliver in accordance. I think it’s good that there’s a gray area: that keeps us both sharp. That feeling of ‘us against them’ helps the project, I think.” Another respondent suggested: “Paradoxically, I think we control them much more than before, precisely because we don’t control the process ourselves. The arrangement is relatively vague, you have to give them a certain amount of freedom, and that is what you want to control. The strange thing is that we seem to know much more about these projects than we know about traditional projects. It’s a funny contradiction.”

During the operation, the consortium monitors its performance and reports on it to the procurer. Performance monitoring seems to have increased transparency in comparison with traditional procurement where such monitoring is often absent. A respondent explained: “The operation is

absolutely more transparent than traditional projects. You just need to see all those reports.” Similarly, another respondent said: “We have to measure everything. Some things you only measure once, others you have to measure during the whole contract duration.”

Despite the obligation to monitor it, the procurer experienced irregularities in terms of performance. The monitoring system, that in theory would allow the consortium to measure performance and to report to the procurer, appeared not to have been implemented as intended. As a result, performance could not be measured and the correct level of availability fee could not be determined. A respondent outlined the problem: “During construction we had trouble with monitoring. It was disorganized and a complete failure. You have to be able to measure performance and you want to steer by using the financial incentives. If that does not work...It took a year before they sent us the first bill. They had no idea.” The irregularities with respect to monitoring can be attributed to the lack of attention paid to the development of the monitoring system. A public servant illustrated the point: “It took a while before we got the monitoring plan that we asked for and that plan was never approved. When they did finally produce the monitoring plan, we found several mistakes had been made. And now you can see that the consortium is having difficulty because of inaccuracies in the financial calculations.” The fact that the procurer and consortium used incompatible record keeping systems even further frustrated the possibility of adequately monitoring performance.

The availability fee is based on the scope of the contract defined in the output specifications. Whenever the procurer requests services or products that are not initially included in this scope, the output specifications need to be adapted carefully, given the financial consequences. In comparison with traditional projects, the registration of adaptations and corresponding costs seems to be more transparent. As respondent put it: “With this project if we deliver extra work or the procurer wants something else, we have to write it down in the contract and we have to say how much it will cost them. Previously we didn’t do that.” Similarly, another respondent said: “Normally I could say, ‘we can make a verbal agreement right?’, but the procurer does not accept this way of doing things because they are bound to the scope of the contract. So we have to be very careful in that respect.”

In addition to the irregularities in performance monitoring, the consortium did not properly organize its financial administration and failed to bill the

procurer for extra work. A respondent gave an example: “We changed the contract and we agreed on a price. You might think we’d then receive a bill. But no. I didn’t receive a thing. Meanwhile the consortium began to complain that we weren’t paying them and I had to explain that I was happy to pay but in order to do so I at least needed to receive a bill! Eventually we got our own administration to calculate a price for the extra work. The consortium just didn’t know what they had delivered and at that point we thought: This is impossible!”

The long-term character of the contract compels the procurer as well as the consortium to calculate prices, fines, losses, and gains over a long period. Although the long-term financial planning delivers transparency on cost of the project over a twenty five year period (with the exception of variable costs), the accuracy of the calculations does not seem to be guaranteed. As a respondent put it: “We know how to approach prices over 25 years. But how can I know what the world will look like in 25 years? You don’t know and so the financial model is partly based on estimates.” Another respondent described it this way: “It’s a big puzzle with a lot of variables and uncertainties. There are many smart guys looking at these calculations and perhaps the financial model does represent reality but the financial calculations remain vague. My experience is that in many projects they have miscalculated completely. Especially in relation to technical aspects. And if you make that mistake with DBFMO, you bear the consequences for 25 years.”

7.3.3 Responsiveness

During the preparation phase, the procurer was assisted by external advisors. Although the procurement team took the lead with respect to the preparation, their dependency on externals seemed to harm responsiveness because important decisions were made by externals rather than by the procurer itself. As a respondent explained: “My biggest concern, and it is a fundamental concern, is that since decisions are being made by external advisors, you are no longer in charge. The procurer is completely dependent on what others come up with.” Another response chimed with this: “I think it is risky when external advisors decide about important things such as the distribution of risks itself. They live in a paper world: they make contracts and agreements but they do not know what our practical reality looks like. It is our project so *we* should decide.”

Although the output specifications provide the consortium with relative freedom, the procurer appeared not to leave much room for interpretation. As a respondent explained: “The state wanted to remain in control even though the whole idea of DBFMO is that you transfer the responsibility for innovation to the market. What we did here, we cut the whole process in such small pieces that the market had no room for maneuver at all.” Another respondent made a similar point: “The procurer had the tendency to control everything. The contract got bigger and bigger. It almost felt like armor. But if you control it so rigidly, you frustrate your own growth. Effectively the client is saying: I want to know for sure what I’m getting for the next 30 years. So you cannot even talk about technical innovations. They just want to control and to change nothing.”

The long-term integrated contract suggests that once the contract has been signed there is no room left for changes. However, the contract and the output specifications *have* been changed regularly. A respondent explained: “The procurer wanted to change things almost immediately after we signed the contract. Two years into the project we had changed 60% of the output specifications. The contract changes all the time because our organization changes too.” It is not only the output specifications that can change. The contract contains clauses that allow for altering the contract itself in the event of significant societal, political, or economic changes. In addition, when contract managers consider it necessary to intervene because of health or safety risks or juridical obligations, the procurer is allowed to do so. In that case, the consortium is liberated from its contractual obligations and is fined when intervention is the result of non-compliance by the consortium.

Despite the ability to alter the contract, in comparison with traditional projects, the procurer does experience a loss of direct influence. Contractual changes are preceded by negotiation about price or other issues, and may take some time. An interviewee gave an example: “Normally if I say to the facility manager that I would like a new desk tomorrow, I get a new desk tomorrow. If I ask the consortium the same question, we go through a whole process: what is the durability of this desk? Is it worth replacing the desk given the contract duration? What consequences does this have for cleaning? By this time we are a month further down the line and the desk still isn’t there. That’s a big difference. We used to be our own boss and now we are only partly in charge.”

7.3.4 Responsibility

The contract, the output specifications, and the monitoring mechanisms were supposed to ensure compliance. However, it appeared that these mechanisms in themselves did not guarantee that the consortium would fulfill its responsibility as a full service provider. As a respondent put it: “At the beginning we thought this would be idyllic. You sign a contract and the mechanisms do the job. But that’s not true.”

Whereas the procurement team did not face any grave problems with people meeting their responsibilities during the construction phase, the operational phase was characterized by many discussions about responsibility. In a nutshell, the operating company, responsible for the daily operation of the building, did not seem capable of providing the services agreed upon at the preparation stage. For example, when the renovated ministry was due to open, the reception area was not yet furnished and the procurement team of the Ministry of Finance had to work the Sunday before the official opening, in order to get parts of the building furnished so that people could do their work the next day. In addition, the monitoring system was not in place at the start of the operation.

During the operation, the consortium frequently tried to transfer the responsibility to the procurer. A respondent rejected that notion: “I realize now that some elements in their tender perhaps were not realistic but I refuse to take responsibility for the consortium’s failure to deliver. If you design a building made out of glass, fine, but don’t come to me and ask me for money when you realize that it costs you more to clean everything than you had calculated beforehand.”

Difficulties in terms of responsibility may have been caused by less well developed output specifications for the operational phase. As a respondent put it: “We have a contract and we have output specifications. Perfect. But we were not able to tell what was actually going to happen in the operational phase since we hadn’t prepared it such detail as we had for the preparatory phase.” Similarly, a respondent argued that the quality of the output specifications, the monitoring mechanism, and financial system are *still* ripe for improvement: “If things go wrong, we, the procurer, should blame ourselves. We apparently failed to write a good contract or to think about good mechanisms. Maybe we haven’t been clear enough.”

The relatively scant attention paid to the transition from contract and output specification to the provision of service delivery did not contribute to compliance. Whereas the output specifications indicated what should be in place, the consortium did not automatically convert the specifications into concrete actions. A respondent described the situation: “You write it all down but if no one takes responsibility for making sure that a table actually stands there, then the specifications are useless. I think there were plenty of people working at management level and too few people with a hands-on attitude. Consortia need people that are able to couple paper with practice, people that know to connect. This project had very few of these.”

As well as the lack of attention paid to actualizing the output specifications, ambiguity in the specifications also provided grounds for discussion over responsibility. An interviewee said: “You often wonder, what they mean by this or by that. And our interpretation is not always their interpretation. And when they say that we did not do what we were supposed to do, our reply is that we complied with the output norms.” The point was reinforced by another respondent: “The construction company always tried saying ‘yes, but if I read the contract this way, then *I* am right’. Well, that got out of hand and we got stuck at that point.”

Poor attention to detail and ambiguity cause problems over who is responsible, but sometimes the consortium simply doesn’t do what it’s supposed to do. As a respondent explained: “Sometimes contracts or output specifications are unclear but sometimes the consortium simply doesn’t do what we agreed upon. Their attitude was not pro-active or client orientated at all.” The fact that this project was the very first PPP project in the Netherlands, might explain why the consortium appeared to lack a pro-active approach. It was expecting too much too soon, one respondent suggested. “You cannot expect companies that always thought in price suddenly to make a switch to thinking in terms of responsibility for the product. In that respect, this case is a bad example. As a private company we find it quite difficult to accept our responsibility for quality and that makes the procurer insecure. But we are in the middle of a process. We need some time to learn how to do it.”

The lack of clarity over responsibility was not restricted to the procurer-consortium partnership. The partners within the consortium disagreed amongst themselves. One explanation is that the operating company was only

minimally involved during the tender phase and did not know what was actually expected in terms of outputs.

A second explanation seems to be the internal organization of the consortium into construction and operating teams, implying that the construction company is not responsible for the operation. As a respondent explained: “Until now the operating company has found it difficult to take responsibility for the design and build. And that is logical, it has no mandate or influence on that part of the project, but, as part of the consortium, it gets penalized when something to do with design and build creates a problem. In this case, the construction company delivered one month before the actual deadline but, in my view, it could have used that extra month. There were still a lot of unfinished details and even now we have problems because the construction was not finished carefully enough. It frustrates the current operation because instead of fixing the problem, people spend time on internal discussion about who is responsible and who should pay.” Another respondent echoed the sentiment: “The danger here is that no one feels responsible for the overall project. The builders leave and go back to their own reality and they forget there is an operating company and that the contract lasts for another 23 years.”

7.3.5 Quality

At the outset of the project, the procurer had doubts about the quality the consortium would deliver. However, when the renovation was finished, the procurement team was very pleased, despite minor imperfections. A respondent commented: “There was a lot of resistance but when we saw what they delivered, we were all very happy: a showcase building that was even more beautiful than we could have imagined. It’s not perfect but in the end, it is a very pretty building. I am convinced that if it wasn’t for DBFMO, we would never have got a ceiling made of glass and the restaurant would never been replaced.”

The procurer invested time and money in the preparation phase during which the output specifications were developed. This relatively intensive preparation seems to have increased the procurer’s expectation of quality compared with other projects and this, in turn, seems to have had a positive influence on the delivered quality of the asset. As a respondent explained: “I think this procurer formulated its expectations very well. With other projects,

we have had much more to criticize in their preparation, and we are often surprised at what is being asked for. But we deliver whatever they want. In this project we haven't seen those mistakes because they gave much more thought to what they were asking for." However, for this detailed preparation to have a positive influence on the eventual quality the specifications must pay specific attention to quality. One interviewee put it this way: "We explicitly rewarded quality in the bidding phase. If you do not ask for quality in the output specifications, then you get a building from Eastern Europe." The quality requested by the procurer in itself seems to depend on the financial capacity of the procurer. As a respondent pointed out: "If quality deteriorates, I think that is not a result of DFBMO but the result of a general tendency of governments to spend less money."

Although the quality of the asset was not perfect at the moment of delivery, it was suggested that, given the long-term obligation to deliver the building according to the output specifications, the consortium will have to work on the imperfections throughout the entire duration of the contract, thereby guaranteeing to deliver the quality required by the procurer. As a respondent explained: "You have to consider the quality of the asset over 25 years. The quality on the day of delivery is just one moment in time. The procurer already knows that the consortium has an obligation to hand over the asset in accordance to the output specifications so they have to keep on working on the quality of the asset. In a traditional project they do not have that obligation."

Having an integrated approach to the tender also seems to increase quality in comparison to traditional projects. As a respondent explained: "We can still make the approach more integrated but there was a positive synergy in that respect. For example, we have floors wired for computer throughout the entire building, which means that whenever the layout changes, the floor doesn't have to be lifted. So there you see the construction and technical people working together. Normally we keep to our own little world and don't seek to cooperate like that."

In addition to intensive preparation, long-term obligation, an integrated approach, and the specific demand for quality during the bidding phase, cooperation between the consortium and procurer during the construction phase seems to have helped the quality of the renovation. The procurer and consortium shared a construction shed and that made constant communication

and fine-tuning easier. As a respondent described the situation: “I think there was a physical component to the success of the construction. They [procurer and construction company] were one team and sat next to each other on the construction site. They shared their ambitions and their vision for making this a successful and exciting project.”

There is a final condition that seems to have influenced the quality of the asset: The consortium’s motivation to build a good reputation. As a respondent explained: “If this wasn’t the first pilot and not the Ministry of Finance, then some things would never been achieved. This was an excellent opportunity for the consortium to show what it was capable of. If it were successful, it could win other tenders. However, I haven’t seen anything of that ambition during the operational phase.” It was not only the consortium but the procurer, too, that was highly motivated to make this a successful project. A respondent opined: “It goes without saying that this would become a success. In fact, it would be a big shame if it had turned out to be a disaster. There were very motivated and professional teams here, and, to me, this project is therefore exemplary. You have to be careful with other projects in which people are less motivated. That is a concern.”

Whereas the quality of the renovation was considered good, the quality of the operation was considered anything but successful. As pointed out earlier, this may have been due to the lack of attention paid to planning of this phase. As a respondent explained: “We have underestimated that completely in this project and we do that differently in other projects. Normally we think about the operation during the construction phase whereas in this project, we thought about it when the construction was almost finished. I think the problem lies in the poor communication between our partners. If there is no communication, then by definition it will be a disaster.” Another respondent argued: “We should have anticipated the operational phase better. If we had thought about it earlier we could have avoided a great deal of discussion.”

The way in which tenders were awarded for the operation phase might also have influenced the quality of the operational phase. A respondent illustrated the point: “Perhaps we should have paid more attention to the operational phase during the project preparation. Whereas we awarded the bids points for picture quality, functionality, and flexibility, we awarded fewer points for logistics, service delivery, and monitoring because we thought the performance mechanisms would stimulate these aspects.”

The difference in quality between the operation and construction phase not only seems to stem from the skewed awarding of points but also from relatively little guidance given on the transition from construction to operation. Whereas the tender phase and the actual delivery of the asset were considered as two important moments, the operational phase seemed to be taken for granted. As a respondent put it: “We were very focused on a good tender process and on the renovation. After these two peaks, our attention wandered. We were very focused on the technical norms and there was little attention paid to the transition to maintenance and operation.”

Problems with operational quality might also stem from the output specifications where there was room for ambiguity about the service level expected by the procurer. As a result, the solution provided did not always fit the procurer’s expectation. As one respondent explained: “The output specifications do not always define clearly what the procurer expects. The procurer has a definite idea of how the final product should be but the output specifications do not always directly reflect that idea. We interpret the specifications in our own way so there is always the chance that the procurer’s expectations and ours don’t match. But there are different paths to Rome.”

Output specifications aside, the operation company found it difficult to prepare the service delivery since they were not familiar with the workflow at the ministry and the work habits of its users. Where the construction company remains in touch with the procurer, the operating company should be in touch with the actual consumer of the services to be delivered. This did not happen in this project. A respondent explained: “You know the procurer but you do not know the user. So when we began operating on the 17th of November 2008, we did not know whether they would make a mess, whether everyone would eat at twelve and what they would order. You have to know their habits in order to organize these processes but at the start of the operation, we did not know what to expect. We have learned that now, through trial and error.”

The financial mechanism allows the procurer to stimulate the consortium to provide the expected quality by applying fines when actual performance does not meet the expected output norms. If compared with traditional projects, the DBFMO’s ability to use fines seems to be a stimulus for assuring quality. As a respondent described it: “It is very simple. If the building demonstrates deficiencies, they are not paid, so it is a big stimulus to deliver good quality. We don’t have that stimulus with traditional projects.” Another respondent

explained: “You can force them to take things seriously by using the financial mechanism. To be honest I wish I never had to use fines. That simply means that quality is not as agreed upon. But if you need to stimulate them to overcome irregularities, it really helps to have this extra pressure.”

The effectiveness of the financial mechanism is not always guaranteed and depends on the quality of its design. A possibly incorrect tariff of fines might have undermined the impact of the system. A respondent outlined the problem: “It is just very difficult to make calculations for such big projects that last so long. There is a risk involved. You can estimate prices and costs but I think the financial mechanism is as soft as butter. Fines should hurt the consortium in such a way that they feel obliged to do something about it. But if you have little information about their financial housekeeping, how can you determine an appropriate level of fine?” Although the output specifications and the contract were reviewed during the preparation phase, the financial mechanism was not. With hindsight, it would have been wise to have the financial mechanism reviewed too. As a respondent argued: “We asked external reviewers to check our output specifications. That is good because it only makes them better. We should have done that for the financial mechanism too.”

Setting aside the design quality of the financial mechanism, its effectiveness seems to depend on the way in which the procurer applies the system. With the number of problems arising during the operating phase, the consortium faced substantial fines. The ministry’s contract management team decided not to apply the fines automatically but to decide on a case by case basis whether a fine would help improve the quality of the service delivery. As a respondent explained: “At the Ministry of Finance I saw that they did not want to apply the fines too strictly. I understand that, because it is a pilot. But eventually you ruin your own service delivery because of it. If you give the consortium one finger, they will take your hand and they will take advantage of that. The procurer should not be too kind.” Perhaps because of the inconsistent application and the number of fines, the financial mechanisms appeared not to function as a stimulus at all. As a respondent put it: “There was a point at which the mechanism just didn’t work any longer. When we reached that point, we decided it was time to hire a mediator.”

7.4 Conclusion

Despite the dependency on external advisors during the preparation phase, because of the procurer's intense involvement and cooperation with the externals public servants were able to account for the ins and outs of the project. The fact that this project was the very first DBFMO project carried out by the Ministry of Finance possibly explains the procurers' commitment, professionalism, and prudence with respect to accountability. Although accountability on paper was strong, the outflow of key actors hindered accountability in terms of collective understanding and being able to explain what the agreements, norms, rules, and prices actually entail, especially in the long run. The absence of adequate performance monitoring at the start of the operation, prevented the procurer from accounting for its spending.

The long-term and integrated approach to project preparation provided for more transparency during the start-up phase in comparison with traditional projects. The replacement of input by output specifications decreases the transparency of the inputs but enhances transparency in terms of output. The mere suggestion that by procuring the project through DBFMO the procurer would lose control seems to have triggered the procurer's determination to have oversight and full transparency. But although transparency might have been strengthened by recording the extra work required and by performance monitoring, the absence of proper performance monitoring due to the incompatibility of the monitoring systems, together with the poor preparation and implementation of the monitoring plan, meant that the expected level of transparency was not achieved.

The number of external experts involved and the extent of their decision-making power seems to hinder responsiveness. The contract and the output specifications did not provide the consortium with much room for interpretation and both were changed throughout the construction and operational phase. Although the procurer can alter the contract and output specifications, responsiveness is limited because adaptations are always preceded by negotiations with the consortium that prevent the procurer from influencing service delivery immediately.

The contract, output specifications, and monitoring mechanisms did not have the desired effect of preventing discussion of responsibility, in particular during the operational phase where several problems have arisen. These may be attributable to the scant attention paid to the operational phase during the

preparation and planning of the project. The internal demarcation of the consortium and the poor cooperation between the construction and operation companies has not helped either.

The procurer is in general satisfied with the quality of the asset although the building was delivered officially before construction was complete. The close attention paid to developing the output specifications on quality seems to have had a positive influence, as does the integrated approach to the project and the continuous cooperation of the procurer and consortium during the construction phase. The obligation to deliver quality over the longer term also seems to contribute to the ultimate quality of the asset. But the eventual quality of the operation was lessened by the procurer and the consortium underestimating the importance of both preparing the operational phase, and of focusing on what would happen after asset delivery. The late involvement of the operation company during the project, and their inexperience with full service provision, also hindered quality, while inconsistent application of fines weakened the power of the financial mechanism to address the problems that arose. Table 14 summarizes the influential conditions per value.

Table 14: Influencing conditions per value

	Positive influence	Negative influence
Accountability	<ul style="list-style-type: none"> -Cooperation between procurer and external advisors in preparation phase -Pilot project 	<ul style="list-style-type: none"> -Dependency of procurer on external advisors -Lack of performance monitoring -Outflow of personnel
Transparency	<ul style="list-style-type: none"> -Externalization -Integrity of contract -Integrity of output specifications and financial mechanism -Long-term contract -Long-term financial planning -Output specifications 	<ul style="list-style-type: none"> -Ambiguity of output specifications -Little attention to monitoring during preparation phase -Long-term financial planning -Mal implementation of monitoring mechanism
Responsiveness	<ul style="list-style-type: none"> -Contractual clauses that allow for intervening -Cooperation between procurer and external advisors in preparation phase 	<ul style="list-style-type: none"> -Dependency of procurer on external advisors -Long-term financial planning -Long-term contract
Responsibility		<ul style="list-style-type: none"> -Demarcation within consortium -Little cooperation within consortium
Quality	<ul style="list-style-type: none"> -Emphasis on quality in output specifications -Financial incentives -Higher norms -Integrity of contract -Long-term commitment -Reputation 	<ul style="list-style-type: none"> -Ambiguity of output specifications -Budget -Little attention to operation phase during preparation phase -Unwillingness of consortium

Part IV
Cross-Case Comparison and Conclusions

8 Cross-Case Comparison

8.1 Introduction

The aim of this study was, firstly, to determine what happens to public values in DBFMO: are they threatened, safeguarded or strengthened? The study also set out to identify the conditions that influence that outcome. The central research question, as formulated in Chapters 1 and 3 was: *What happens to public values in public-private partnerships and what conditions are influential?*

Chapters 4-7 presented the findings of the separate case studies. In this chapter, the findings of all four cases are compared. This allows not only for identifying similarities and differences between cases but also for identifying patterns in the findings, and for highlighting the combination of conditions that may have contributed to the findings and can therefore explain why cases are different or the same (Eisenhardt 1989).

This chapter is structured as follows. Sections 8.2.1 to 8.2.5 present the findings of the cross-case comparison by value, describing what happens with public values in DBFMO and what conditions are influential. Section 8.3 provides the overall conclusion.

8.2 Findings

8.2.1 Accountability

In this study, accountability is defined as the ability of the procurer to account for (1) the content of the project in financial, juridical, and technical terms, and (2) for the actual performance during the construction and operational phases. With respect to the former, the case studies show that all procurers have been assisted by external advisors in order to assure accountability on *paper* since they had little experience with the juridical and financial complexity of the procurement process. That is, the documents containing the contract and the output specifications do indeed provide the information on agreements, norms, rules, and prices which allows the procurer to demonstrate all that has been agreed upon.

However, the dependency of the procurer on external advisors seems in several cases to have hindered the procurer's ability to account in practice. The dependency on external advisors created by the complexity of the process hinders public servants' actual understanding of the agreements, norms, rules

and costs. The case study of the Ministry of Finance shows, however, that any possible threat to accountability caused by this dependency on external advisors can be obviated when a professional and pro-active procurement team takes the lead while at the same time cooperating with their advisors. For procurers to be able to understand the financial, technical, and juridical ins and outs of the project, it is vital that they stay actively involved in the process of project preparation. While this case demonstrated the benefit of having a professional, enthusiastic and proactive procurer cooperating with its advisors, the wastewater project provided a different scenario where the procurer seemed to depend greatly on their external advisors and the decisions they made. This might possibly be explained by the Water Board not having a history of experience in construction where the Government Building Agency (GBA), responsible for the procurement of the Ministry of Finance project, did. As a result, the water board needed to rely on knowledge sourced externally. Although in the case of the detention center relatively few external advisors were hired, the limited diffusion of information about the preparation of the project, and the fact that very few people were involved during the preparation phase, may turn out to hinder accountability in the long term. Key actors will one day leave the organization and their knowledge of the project will go with them. This concern was also expressed in the water project.

The case studies show that the procurer's ability to account for the project during the construction and operational phases depends on the professionalism of the contract management team, the continuity of personnel and the design and implementation of the monitoring mechanisms by either the consortium or procurer. With respect to the professionalism of the contract management, the cases demonstrate that the more inexperienced contract management teams, some of whom had no experience of contract management whatsoever, were not always able to account for what was going on during the project.

In the case of the highway, for example, the team that was responsible for contract management during the construction and operational phase did not have sufficient knowledge of what had happened during the preparation phase. The result was that the contract and output specifications initially left them with no idea of what was expected of them or of what the project outputs should be. If different personnel are involved during the preparation phase, than during the construction and operational phases, this does not seem to

facilitate accountability in these latter phases. This was also apparent in the Ministry of Finance case. However, in all cases, the contract management team's professionalism and their ability to account for the project improved over time. Finally, several cases demonstrated that at the outset the monitoring mechanisms did not always function as expected and this impacted badly on the procurer's ability to account for spending and for the performance of the consortium. The malfunctioning of monitoring mechanisms was either the result of mistakes in its design or wrong implementation. On occasion there was a complete absence of monitoring mechanisms.

When considering the life cycle of accountability in DBFMO it appears that the safeguarding of accountability requires a different focus of attention at different stages in the project. In the preparation phase, understanding the formulation of the contract and the output specifications is crucial. During the construction and operational phase the key focus needs to be on monitoring and information management. The challenges of each phase demand, in one case, strong procurement skills and in the other, strong contract management skills.

Accountability is not by definition threatened, safeguarded or strengthened in DBFMO. Devices such as the contract, the output specifications, and the monitoring mechanism can, in theory, help the procurer to account for their action. However, as was suggested by Flinders (2010), although DBFMO has a strict accountability mechanism, its actual effect depends on the way in which it is used. And the case studies show that the use of such mechanisms is not always optimal. Likewise, the suggestion of Domberger and Jensen (1997, 76) that accountability might actually be *better* safeguarded in NPM-inspired governance structures because of the introduction of systematic performance monitoring, the use of service level specifications, and the application of mechanisms that help to prevent or effectively penalize non-compliance holds true - but only if those mechanisms are indeed used as intended. The cases demonstrate that it takes some time before the procurer is actually able to do that. Table 15 summarizes the conditions influencing accountability per case.

Table 15: Conditions influencing accountability per case

	Positive influence	Negative influence
The Highway	<ul style="list-style-type: none"> -Contract -Project preparation 	<ul style="list-style-type: none"> -Dependency of procurer on external advisors -Financial complexity -Lack of experience of contract management -Lack of guidance in transition phases -Lack of knowledge of contract management -Long-term character of project -Monitoring failure -Personnel changes per phase
The Detention Center	<ul style="list-style-type: none"> -Project preparation -Little dependency of procurer external advisors 	<ul style="list-style-type: none"> -Few people involved during project preparation -Lack of information diffusion -Lack of performance monitoring -Lack of understanding available on financial, juridical and technical project information -Outflow personnel
The Wastewater Project	<ul style="list-style-type: none"> -External advisors -Training contract management team members 	<ul style="list-style-type: none"> -Dependency of procurer on external advisors -Lack of knowledge of content contract -Lack of knowledge of procurement -Outflow of personnel
The Ministry of Finance	<ul style="list-style-type: none"> -Cooperation between procurer and external advisors in preparation phase -Pilot project 	<ul style="list-style-type: none"> -Dependency of procurer on external advisors -Lack of performance monitoring -Outflow personnel

8.2.2 Transparency

In this study, transparency is defined as the availability to public servants of accurate information on the juridical, financial, technical, and operational aspects of the project. During the preparation phase, DBFMO procurement provides for the gathering of such information and the lengthy duration of the project increases the need to collate all this information in the form of an integrated contract and output specifications. The requirement to do so seems to increase transparency in comparison with traditional projects where a long-term perspective on project preparation is often absent. As a result, prior to the actual start of the project, in DBFMO there is more information available about the procurer's expectations and about the details of the consortium's offer than is the case in traditional projects. However, with the exception of the wastewater project, all the cases showed that the actual transparency of such preparation seems to depend on the accuracy, completeness, and clarity of the agreements and output specifications as designed by the procurer.

DBFMO procurement replaces the use of input specifications by output specifications. Logically, the use of output specifications decreases transparency in terms of input while at the same time, increasing transparency in terms of output. Although not ideal in terms of innovation, the procurers occasionally used input specifications, to compensate for a possible loss of transparency. Whereas qualitative norms, that are hard to define and measure, harm the transparency of the output specifications, as was demonstrated in the case of the detention center and the Ministry of Finance renovation, quantitative and easy to establish norms contribute to the transparency of the specifications. This was demonstrated in the water cleaning and highway cases. The fact that the highway and water cleaning plants both concern infrastructure projects in which construction and operationally related norms are relatively easy to establish seems to explain the difference between them and the projects that are concerned with buildings that house public utilities and services. The operational phase of both of these projects seems to be more appropriate for capture in transparent output norms.

Since the availability fee is based on the contract and on output specifications that are designed at the start of the project, every service or product not included in the initial scope but subsequently requested, is charged and recorded separately. Where traditional projects provide the procurer with an overall budget, DBFMO requires a transparent registration of the extra services and costs since they have a direct effect on the availability fee and the overall financial mechanism. Not only does this registration of extra work and related costs provide greater transparency than in traditional projects, it seems to create financial awareness of the costs of policy changes. Although the additional work and costs must be registered, this is not unproblematic. For example, the procurer of the Ministry of Finance renovation project had trouble with the processing of this information, the submission of invoices in particular.

The long-term financial planning provides for transparency in the sense that, with the exception of variable costs, the procurers know how much money will be spent during the following twenty to thirty years. However, the cases demonstrate that what that money actually buys is less transparent since the availability fee includes past and current as well as future costs. The highway and detention center cases demonstrated that the procurer pays for the replacement of items in the future, even though the consortium does not

guarantee that such replacements will be provided. Although the level of the availability fee is transparent in the sense that what will be paid is set out on paper, the accuracy of this was questioned in each case. In addition, the detention center and highway case studies demonstrated that the procurer has not always been satisfied with the level of transparency provided by the consortium when it comes to the pricing of additional work. It appears not always to be clear whether charges conform to market prices or whether the consortium included risk related costs that were already paid for in the initial bid. In the case of the detention center, the procurer explicitly wondered whether their own organization knew if it had saved any money at all.

The obligation of the consortium to monitor its performance and to report on it to the procurer seems to increase transparency in comparison to traditional projects where performance monitoring is often absent. However, the actual contribution of performance monitoring to transparency depends on the design and implementation of the monitoring plan and that was often not optimal, especially around the start of the construction and operational phases in several cases. In the case of the Ministry of Finance, for example, the absence of proper monitoring meant that the monitoring reports and corresponding invoices relating to the operational phase were not provided. In this case and in the case of the detention center, the procurers seemed to have paid little attention to plans for the monitoring of the operational phase when the project was being prepared. As a result, monitoring plans were developed too late or not at all. Performance monitoring was further hindered by the incompatibility of the monitoring systems used by the procurer and consortium.

The monitoring reports provided by the consortia facilitate transparency although, in the cases of the highway, detention center, and Ministry of Finance, the accuracy of those reports could not be guaranteed. Occasional discrepancies between performance reports produced by the consortium and those provided by the procurer signaled the need for additional measures or external evaluations, as was the situation with the climate installations at the detention center. In the case of the water project, it was suggested that the consortium was very willing to provide as much transparency as requested in order to establish a good reputation and to win trust. Finally, although the performance monitoring reports provide transparency, it was suggested that

the sheer amount of paperwork was difficult to process, and in the case of the highway, for example, was actually considered to impede transparency.

Considering the trajectory of transparency in DBFMO, the eventual level of transparency achieved depends on the quality of the contract and output specifications and of the way in which the monitoring mechanisms are designed and put into practice. As with accountability, the safeguarding of transparency requires a different focus of action at each phase of the project: the formulation during the preparation phase of unambiguous and easy-to-establish contracts and output specifications; monitoring of performance during the construction and operational phases; reports evaluating performance; and the conducting of random tests. All these different elements provide different challenges for the procurer and, like accountability, require strong procurement skills and strong contract management.

When contrasting the findings of the case studies with current literature on transparency in organizational manifestations of NPM, an ambiguous picture presents itself. Whereas on the one hand transparency seems to be facilitated and sometimes even improved in comparison with traditional procurement, from time to time it also seems to be at stake. In general, the findings do not completely endorse the views of Bloomfield (2006) and Papadopoulos (2007) who argue that NPM practices decrease the level of transparency. This study finds that the specific process of procurement in DBFMO and the requirement for monitoring ensure the provision of information about the project. It is true, however, that the complexity of the financial underpinning of the project frustrates transparency in the sense that those supposed to understand the agreements are not always able to do so (Grimsey and Lewis 2002; Hood, Fraser and McGarvey 2006). With respect to the accuracy and availability of the information provided, the case studies show that information is indeed not always available or accurate as suggested by Altshuler and Lubberhoff (2003). However, the case studies do show that in general, consortia provide insight into performance and that any lack of information or the inaccuracy of information is not structural. Over time, the provision of accurate information can improve. The suggestion that DBFMO encourages the generation of meaningless data (Hood, Fraser and McGarvey 2006), is therefore not supported by the findings of this case study. Table 16 summarizes the conditions influencing transparency per case.

Table 16: Conditions influencing transparency per case

	Positive influence	Negative influence
The Highway	<ul style="list-style-type: none"> -Contract -Integrity of output specifications and financial mechanism -Integrated performance monitoring -Intensive and integrated project preparation -Long-term and integrated project character -Long-term financial planning -Monitoring reports -Output specifications 	<ul style="list-style-type: none"> -Information overload -Output specifications -Subjectivity of performance monitoring reports
The Detention Center	<ul style="list-style-type: none"> -Integrity of contract -Integrity of output specifications and financial mechanism -Long-term contract -Long-term financial planning -Performance monitoring 	<ul style="list-style-type: none"> -Ambiguity of contract -Ambiguity of output specifications -Incomplete contract -Lack of experience in output specification development -Lack of knowledge of financial aspects of project -Late development monitoring system -Long-term financial planning
The Wastewater Project	<ul style="list-style-type: none"> -Externalization -Long-term financial planning -Long-term contract -Performance monitoring -Quantitative output norms -Reputation 	<ul style="list-style-type: none"> -Output specifications -Suboptimal use of monitoring mechanism
The Ministry of Finance	<ul style="list-style-type: none"> -Externalization -Integrity of contract -Integrity of output specifications and financial mechanism -Long-term contract -Long-term financial planning -Output specifications 	<ul style="list-style-type: none"> -Ambiguity of output specifications -Little attention paid to monitoring during preparation phase -Long-term financial planning -Mal implementation of monitoring mechanism

8.2.3 Responsiveness

In this study, responsiveness is defined as the ability of elected officials and public servants to determine, influence, and adjust the contractual agreements and the output specifications before and after contract closure. In the preparation phase, DBFMO procurement requires that procurers prepare a long-term integrated contract and output specifications that include the juridical, financial, and technical parameters of the project. In all four cases, external advisors supported the procurer in developing both documents. These externals not only advised and supported the procurer, but it was suggested

that they also made important decisions. Dependency on external advisors seemed to have been greatest in the case of the water project, possibly explained by the fact that the procurer had no tradition of construction works, where the other three cases studied did have that tradition. Although during the preparation phase of the Ministry of Finance project a substantial number of external advisors were hired, the professionalism of the procurement team and their ambition to make this very first national DBFMO project an exemplary success, made sure that there was no loss of influence. In the case of the highway construction project, the number of external advisors was considered to have left little room for direct involvement by the procurer, while in the detention center case the influence of public servants was considered significant because the procurer decided to take as much responsibility for the preparation phase as possible.

Although the use of output specifications decreases responsiveness in terms of not being able to dictate input, in all four cases the procurers either *did* use input terms in order to assure themselves of a certain solution, or they defined the output specifications in such detail that limited room for interpretation was left the consortium. In the detention center case, for example, specific technical solutions and security and safety systems were requested. In the highway case, standard qualitative norms concerning road construction left the consortium with little option for creativity. In the water cleaning project, the consortium was urged to use traditional techniques and in the case of the Ministry of Finance, the output specifications for the operational phase were such that they left almost no room for interpretation.

Given the fact that contractual changes or adaptation of the output specifications have an immediate effect on the financial model and imply an administrative and financial burden, changes ought to be avoided as much as possible. Prudence with respect to contractual changes might seem to imply a diminished responsiveness but in all four cases the contract and output specifications have been subject to constant change. Contracts also contain clauses that allow the procurers to take over the contract when considered appropriate. Reasons for changing the output specifications or contract range from the incompleteness or inexactness of the contract or output specifications; a change in political preferences; and the implementation of technical innovations. In particular in the detention center case, there were suggestions that the changing political context influenced the detention

center's internal policy and as a result the contract. Despite the possibility of changing the contract and output specifications during any of the project phases, in all four cases procurers felt themselves to be less responsive in terms of directly influencing the consortium's performance. In the detention center case, for example, the procurer felt as if they were no longer the boss in their own home. In the case of the Ministry of Finance, the procurer suggested that the contract, rather than the procurer, was in charge. Goal displacement, in the sense of there being a focus solely on the contract instead of responsiveness to the requirements of the project, hindered adequate decision making in the highway case to the extent that public officials' responsiveness to issues of safety and security was seriously impaired. Anticipating not being in direct control, procurers excluded certain elements from the scope of the contracts. Although the contract and output specifications should ideally represent the procurer's preferences with respect to the consortium's performance, this is not always the case, either because of incompleteness or ambiguity in either document or the possibility of the procurer's changing preferences. Given that the original contract and output specifications form the basis of the consortium's business case and that performance is fine tuned on the basis of both documents, all new requests from the procurer are subject to sometimes lengthy and costly negotiations that impede the procurer from directly demanding that the consortium delivers or provides something different. Furthermore, long-term integrated contracting does not seem to provide any room for maneuver when procurers want to cut back their costs. The consortium's business case is based on the initial contract and output specifications and it is on this that the calculations are made which will earn back its initial investment. Procurers are therefore not able to lower the availability fee during these long-term contracts.

The long-term contract that lays down the juridical, financial, and technical project parameters for the full duration of the project seems to allow for less political involvement. In the wastewater case, for example, the fact that the contract sets out the future of the project over such a long period means that politicians are restricted when it comes to changing the contract. Where this was perceived positively for reasons of continuity by the contract management team, water board members found it difficult to accept that their influence on the project had declined. In the highway case, the contractual agreement between the procurer and consortium outmaneuvered the Province and was

believed to reduce the playing of political and administrative games with the project.

When considering the life cycle of responsiveness in DBFMO the findings demonstrate that DBFMO on the one hand provides opportunities for public servants and politicians to influence the project, while on the other the structure hinders responsiveness. During the different project phases, the safeguarding of responsiveness requires a different focus of action ranging from ensuring during the preparation phase that the formulation of the contract and output specifications are in line with the procurer's interests, to adapting the contract and output specifications in negotiation with the consortium during the construction and operational phase, if the procurer's or the political preferences change.

When the research findings are compared with the current literature on responsiveness in NPM practices, again an ambiguous picture presents itself. Although public servants are no longer in charge of the actual operation, their influence continues to be felt through the contract and output specifications, the application of project monitoring, and the use of fines through which performance can be adjusted. The suggestion that the public sector is no longer in control when it comes to influencing and constructing public policy (Bevir 2010; Flinders 2010; Skelcher 2010) is therefore not supported by the findings of this study. Instead, as suggested by Pierre and Peters (2000), in DBFMO the influence of the public sector seems to have changed, rather than declined: Although not providing services itself, the procurers act as facilitators and project coordinators, which indicates that the public-private network is still "of the government" (McGuire and Agranoff 2011, 279).

However, the research findings also demonstrate that, although public servants have the possibility of drafting the contract, defining the output specifications, and of adapting both documents during the construction and operational phases, the sometimes costly and timely negotiations prior to the eventual adaptation do not allow the procurer to influence the performance of the consortium directly. Moreover, the actual influence of public servants depends on the level of input and exact role of external advisors who, for example, in the wastewater case, not only advised the procurer but also made important decisions.

With respect to the suggestion that NPM practices make it less likely that politicians can be responsive to changing circumstances (Bovaird 2004), the

case study results indicate that their influence is indeed hindered in terms of being able to make contractual changes and being able to implement budget cutbacks, as was also suggested by Hodge (2010) and Peters (1997). The lengthy term of the contract also seems to diminish the amount of political influence on the project as was clear in the wastewater and highway cases. Table 17 summarizes the conditions influencing responsiveness per case.

Table 17: Conditions influencing responsiveness per case

	Positive influence	Negative influence
The Highway	<ul style="list-style-type: none"> -Contractual clauses that allow for intervening -Influence with respect to formulation of output specifications and contract -Room for contractual changes 	<ul style="list-style-type: none"> -Dependency of procurer on external advisors -Goal displacement -Lengthily implementation of contractual changes -Long-term contract
The Detention Center	<ul style="list-style-type: none"> -Contractual clauses that allow for intervening -Excluding essential tasks from scope contract -Influence with respect to formulation of output specifications and contract -Little dependency of procurer on external advisors -Room for contractual changes 	<ul style="list-style-type: none"> -Lack of experience output specification development -Long-term contract
The Wastewater Project	<ul style="list-style-type: none"> -Influence with respect to formulation of output specifications and contract -Room for contractual changes 	<ul style="list-style-type: none"> -Dependency of procurer on external advisors -Long-term contract
The Ministry of Finance	<ul style="list-style-type: none"> -Contractual clauses that allow for intervening -Cooperation between procurer and external advisors preparation phase 	<ul style="list-style-type: none"> -Dependency of procurer on external advisors -Long-term financial planning -Long-term contract

8.2.4 Responsibility

In this study, responsibility is defined as the degree to which the consortium complies with the contractual agreements and the output specifications. Although the output specifications, the contract, the monitoring mechanism, and the ability to use fines ought to prevent the consortia from non-compliance, the research findings indicate that these mechanisms did not always have that effect. The contract and output specifications that indicate exactly what the consortium is responsible for, often appeared to be ambiguous or incomplete, resulting in discussion between the procurer and consortium about the exact interpretation of both. Whereas in the highway case these discussions were considered as constructive in the sense that both

the consortium and the procurer were occasionally willing to back down, the discussions were considered less positive in the Ministry of Finance and the detention center cases.

With some exceptions, the procurers of the highway and the wastewater project, are relatively satisfied with the way in which the consortium carries out its responsibility, although in these cases, too, there have been discussions over responsibilities. The procurers in the case of the Ministry of Finance and the detention center experienced relatively more problems with responsibility and complaints range from the absence of certain services or products to the absence of a pro-active attitude on the part of the consortium. In both cases, the operational phase in particular was perceived to be problematic. In the wastewater case, it was suggested that the various risk sessions resulted in a clear understanding of the consortium's responsibilities. The fact that during the preparation phase of the Ministry of Finance project relatively little attention had been paid to the operational phase, might have caused the subsequent problems with responsibilities. In addition, it was suggested that there was very little attention paid to the actual translation of the output specification into concrete actions by the company responsible for the operation.

Although the contract and output specifications are important for defining responsibilities, it was suggested that the attitude of the consortium also influences responsibility. In the case of the highway, for example, it was suggested that the consortium did comply with its responsibilities without trying to take advantage of contractual ambiguities too often. Although the procurer and consortium had their discussions about responsibility, they were seen as constructive.

Besides the discussion between the procurer and consortium, in all four cases and especially in the cases of the Ministry of Finance and the detention center, consortium members often disagreed on the allocation of internal responsibilities. Except in the highway case, the consortia were more or less divided internally into two groups - design and construction and operation and maintenance. Given this demarcation, the design and construction group's responsibility towards the other partners ceased as soon as the operational phase started. As a result, when irregularities stemming from the construction phase had a negative impact on the operation, it was the operating company that was faced with the financial repercussions. Whereas the consortium

manager of the highway case did hold the whole consortium company financially responsible when considered appropriate, such integration was absent in the case of the detention center and the Ministry of Finance. As a result, the consortium members of the detention center as well as those of the Ministry of Finance project often entered into discussion about which partner was financially responsible for what part of the contract. Problems of this nature were considered less frequent in the wastewater case and were perhaps rendered less likely by the early cooperation between the construction and the operating partner, and by the detailed interface agreement in which these two partners reached agreement on what the former would deliver to the latter.

When considering responsibility over the life span of the project, the findings demonstrate that the contract, the output specifications and the financial mechanisms are no guarantee of compliance. Ambiguous norms, demarcation within the consortium and the absence of an interface agreement all hinder clear understanding of responsibility. During the different project phases, the safeguarding of responsibility requires different focuses of action at different times from both the procurer and the consortium. These actions range from the formulation of unambiguous output specifications, contracts, and interface agreements during the preparation phase, to stimulating cooperation with, and between, the consortium partners during the construction and operational phases.

Debicki's (2003) suggestion that private parties might fail completely in providing public services is not supported by the findings of this study since, despite the irregularities, the consortia in general do perform as they are supposed to. However, the ambiguity of contracts and output specifications leads to discussion and does create the opportunity to pass the blame and dodge responsibility, as was suggested by Hood and McGarvey (2002) and Brown, Potoski and Van Slyke (2010). The degree to which contracts do, in fact, guarantee compliance depends greatly on the completeness or quality of the contract. The findings of this study, suggest that, besides the importance of the quality of the contract and output specifications, compliance also depends on the attitude or willingness of the consortium and the procurer. Table 18 summarizes the conditions influencing responsibility per case.

Table 18: Conditions influencing responsibility per case

	Positive influence	Negative influence
The Highway	-Willingness of project members	-Ambiguity of contract -Ambiguity of output specifications -Demarcation within consortium
The Detention Center	-Contract -Output specifications	-Ambiguity of contract -Ambiguity of output specifications -Ambiguity of risk distribution -Demarcation within consortium -Little experience within consortium of integrated performance management -Unwillingness of project members
The Wastewater Project	-Constructive communication between consortium and procurer -Cooperative attitude of procurer -Interface agreement within consortium -Risk sessions	-Ambiguity of contract -Ambiguity of output specifications -Demarcation within consortium
The Ministry of Finance		-Demarcation within consortium -Little cooperation within consortium

8.2.5 Quality

In this study, quality is defined as the degree of satisfaction of the procurer in relation to the asset itself and its operation by the consortium. The fact that the construction and operation of the asset is transferred to a private consortium seems to have prompted the procurers to more stringent requirements with respect to quality and, although not considered perfect, the quality of the constructed or renovated assets in general has been valued positively by all procurers. Although the completion of the renovation of the Ministry of Finance left something to be desired, the general quality was considered to meet or even exceed expectations. With the exception of the floating roofs that caused problems with the bad odor, the procurer was pleased with the renovation of the old water purification plants and the construction of the completely new water plant complex. In the case of the detention center, the procurer is satisfied with its construction but less satisfied with the detention center's esthetics.

Whereas the level of satisfaction with the finished quality of the asset after construction or renovation is fairly uniform across all four projects, this is not the case when it comes to the operational phases of the projects. In the case of

the detention center, the quality of the operation was judged disappointing (with the exception of, for example, food supply). Irregularities with respect to quality could be the result of the scant attention paid to the operating phase during the project preparation; the absence of guidance with respect to the transition from construction to operation; and the ambiguity of the output specifications that did not always lead to the provision of the desired services and solutions. In the case of the Ministry of Finance, the poor quality of operation was attributed to a lack of attention to the operational phase by the procurer and consortium during the project preparation and construction phase, lack of communication about the operational phase between consortium partners, the lack of experience with service provision in the context of DBFMO and ambiguous norms.

In the case of the highway and the wastewater project, the operational phase seems to have been less problematic in terms of quality. Although in the former case ambiguous output specifications did lead to discussion, the quality of maintenance seems to be an improvement over traditional projects, thanks to innovative solutions and rapid problem solving. With respect to the wastewater project, the careful preparation of the operational phase during the initial stages of project planning and the direct involvement of the operating company in that preparation seem to have contributed to satisfactory operation. In both cases, the relative straightforwardness of the operational phase and corresponding quantitative output norms might have contributed to the quality of the overall project. Finally, the relative isolation from users' opinion during the operational phase in the case of the wastewater project and the highway seems to have a positive influence on perception of quality. Whereas in the detention center and Ministry of Finance project it is not only the contract managers but also all of the users who judge the quality of the operation, the operation of the highway and wastewater projects are scrutinized less by users.

The DBFMO contract is a performance contract which means that the consortium only receives the full availability fee when the quality delivered matches the quality requested, as defined in the output specifications. If this is not the case, the procurer is allowed to fine the consortium, which means they pay a lower availability fee. The cases demonstrate, however, that the effectiveness of this system as a tool for enforcing or improving quality is not automatically guaranteed. In the case of the detention center, the Ministry of

Finance, and the highway, fines did not always lead directly to solutions. The inconsistent application of fines and the difficulties in accurately calculating the appropriate level of fines might have undermined its effectiveness.

In all four cases, the quality provided has fluctuated over time. Irregularities during the startup of the operation, for example, have been overcome during the operational phase as was seen in the detention center. But the opposite is also true: Whereas quality in the case of the wastewater purification was perceived positively at the start of the project, the quality of the asset was perceived negatively during the operational phase when the water board was confronted with a bad odor stemming from a problem related to the construction. Furthermore, what the cases show with respect to quality is that the initial financial investment of the procurer and the quality of their output specifications determines the ultimate quality that is delivered. And finally, since all four cases were pilot projects, the desire to build reputation in the hope of winning other tenders seems to have had a positive influence on quality.

The findings on quality over the life span of the DBFMO project, demonstrate once again that protecting quality requires a different focus at different times, ranging from the need for expectations and norms concerning all phases of the project to be translated into contracts and output specifications at the very outset of the project, to the monitoring and management of the financial mechanism during the operational phase.

The findings of this study do not support the quality-shading hypothesis as suggested by Box (1999). Although the procurers do experience irregularities in quality standards, quality does seem to be safeguarded or even improved when compared with traditional projects. This was also demonstrated by a separate case study on privatization in the water sector, in which firms were found to provide better service quality than did their “previous public incarnations” (Galiani, Gertler and Schargrodsky 2005, 113). The findings of the current study also support the claim by Domberger, Hall and Li (1995) that quality seems to be facilitated or even improved because of output formulation and the introduction of performance monitoring. However, the safeguarding of quality depends both on the ability of the procurer to translate their expectations into outputs and on the capacity of the monitoring mechanism to identify what has to be adjusted in order to match delivery with expectation.

As was suggested by Peat and Costley (2001), the application of monitoring mechanisms and the operation of the financial mechanisms did prove to be problematic in practice in all cases. This can be attributed to a lack of management capacity and lack of knowledge of the specific logic of procurement (De Bettignies and Ross 2009; Savas 2000; Van Slyke and Hammonds 2003) although the quality of contract monitoring indeed depends on the quality of the public organization or public servants which can vary from one context to another (Domberger and Jensen 1997). The research findings demonstrate furthermore that, in the case of the detention center and the Ministry of Finance, the assessment of performance with respect to the operation, was rather subjective, leaving room for different interpretations that might be subject to discussion (Domberger and Jensen 1997). Finally, the highway and wastewater cases, demonstrated that quantitative output norms leave less room for interpretation and so trigger less discussion about the quality delivered by the consortium. The research findings conclusively support the premise that for quality to be safeguarded the procurer's expectations must be clearly articulated and performance must be able to be measured (Brown, Potoski and Van Slyke 2006, 326; Deakin and Walsh 1996). Table 19 summarizes the conditions influencing quality per case.

Table 19: Conditions influencing quality per case

	Positive influence	Negative influence
The Highway	<ul style="list-style-type: none"> -Financial incentives -Higher norms -Integrity of contract -Long-term commitment -Output specifications -Reputation 	<ul style="list-style-type: none"> -Ambiguity of output specifications -Budget -Inaccuracy in calculating fines
The Detention Center	<ul style="list-style-type: none"> -Contract -Higher norms -Integrity of contract -Long-term commitment -Output specifications 	<ul style="list-style-type: none"> -Ambiguity of output specifications -Budget -Inaccuracy in calculating fines -Inconsistent application of fines -Little attention to operation phase during preparation phase
The Wastewater Project	<ul style="list-style-type: none"> -Clear scope -Early preparation of operational phase -Integrity of contract -Quantitative output norms 	<ul style="list-style-type: none"> -Technical difficulties
The Ministry of Finance	<ul style="list-style-type: none"> -Emphasis on quality in output specifications -Financial incentives -Higher norms) -Integrity contract -Long-term commitment -Reputation 	<ul style="list-style-type: none"> -Ambiguity of output specifications operational phase -Budget -Little attention to operation phase during preparation phase

8.3 Conclusion

The research findings demonstrate that whether or not public values are at stake in DBFMO cannot be answered with a simple yes or no. Rather, public values can be threatened, safeguarded or strengthened, depending on the project, project phase and the specific (facet of the) public value under scrutiny. The case studies have provided detailed insight on the dynamics between the trajectory of the public values during the different project phases and the influential conditions. The concluding sections of Chapter 4-7 provide an overview of the influential conditions in each case. In this chapter, each value section concludes with an overview of the influential conditions per value. The variety of influential conditions can roughly be divided into three groups. Aspects of the DBFMO structure itself, conditions related to staff and human capital (hereafter referred to as human resources), as well as project related conditions are what appear to influence the trajectory of public values and whether they are threatened, safeguarded or strengthened. DBFMO

related conditions are those conditions that are specific to the DBFMO structure such as the long-term integrated contract or the use of output specifications. Conditions related to human resources include conditions such as the outflow of personnel and capacity for contract management. Project-specific conditions are those conditions that are not necessarily connected to the structure of DBFMO but have to do with project characteristics such as project type or project scope. Table 20 categorizes the influential conditions per value in three columns: DBFMO, Human Resources and Project. As described in sections 8.2.1 to 8.2.5, the conditions summarized in Table 20 can have a positive, negative, direct or indirect influence. For example, the output specifications might provide transparency but their actual contribution in that respect depends on the quality of these specifications which in turn depends on the capacity of the public procurer. Likewise, the outflow of personnel which hinders accountability is related to the long-term character of DBFMO projects. Figure 1 visualizes the relationship between the groups of conditions derived from the four case studies. The overlapping circles indicate that the

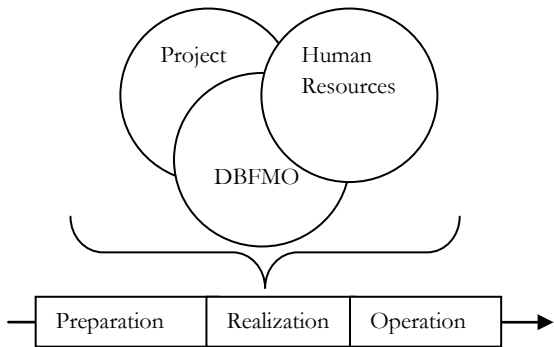


Figure 1: The relationship between conditions and phases

conditions influence each other rather than being considered as isolated groups. All the conditions taken together, visualized by the horizontal brace, influence the course of the value or even more specifically, of certain facets of the value throughout the life cycle of the project which is illustrated by the forward pointing arrow.

Table 20: Categorization of influential conditions per value

	DBFMO		HUMAN RESOURCES		PROJECT	
	POSITIVE	NEGATIVE	POSITIVE	NEGATIVE	POSITIVE	NEGATIVE
Accountability	<ul style="list-style-type: none"> -Contract -Little dependency of procurer on external advisors -Project preparation 	<ul style="list-style-type: none"> -Financial complexity -Long-term character of project -Mal implementation of monitoring mechanism 	<ul style="list-style-type: none"> -Cooperation procurer and external advisors preparation phase -External advisors -Training contract for management team members 	<ul style="list-style-type: none"> -Dependency of procurer on external advisors -Few people involved during project preparation -Lack of experience of contract management -Lack of guidance in transition phases -Lack of information diffusion -Lack of knowledge of content contract -Lack of knowledge of contract management -Lack of knowledge of procurement -Lack of performance monitoring -Lack of understanding of financial, juridical and technical project information -Outflow personnel -Personnel changes per phase 	<ul style="list-style-type: none"> -Pilot project 	

	DBFMO		HUMAN RESOURCES		PROJECT	
	POSITIVE	NEGATIVE	POSITIVE	NEGATIVE	POSITIVE	NEGATIVE
Transparency	<ul style="list-style-type: none"> -Contract -Externalization -Integrity of contract -Integrity of output specifications and financial mechanism -Integrated performance monitoring -Intensive and integrated project preparation -Long-term and integrated project character -Long-term financial planning -Long-term contract -Monitoring reports -Output specifications -Performance monitoring -Quantitative output norms 	<ul style="list-style-type: none"> -Ambiguity of contract -Ambiguity of norms -Incomplete contract -Information overload -Long-term financial planning -Output specifications -Subjectivity performance monitoring reports 		<ul style="list-style-type: none"> -Lack of experience of output specification development -Lack of knowledge of financial project aspects -Late development of monitoring system -Little attention to monitoring during preparation phase -Mal implementation of monitoring mechanism -Suboptimal use of monitoring mechanism 	-Reputation	
Responsiveness	<ul style="list-style-type: none"> -Contractual clauses that allow for intervening -Excluding essential tasks from scope contract -Influence with respect to formulation output specifications and contract -Room for contractual changes 	<ul style="list-style-type: none"> -Goal displacement -Lengthy implementation of contractual changes -Long-term contract -Long-term financial planning 	<ul style="list-style-type: none"> -Cooperation procurer and external advisors preparation phase -Little dependency of procurer on external advisors 	<ul style="list-style-type: none"> -Dependency of procurer on external advisors -Lack of experience of output specification development 		

	DBFMO		HUMAN RESOURCES		PROJECT	
	POSITIVE	NEGATIVE	POSITIVE	NEGATIVE	POSITIVE	NEGATIVE
Responsibility	<ul style="list-style-type: none"> -Contract -Interface agreement consortium -Output specifications -Risk sessions 	<ul style="list-style-type: none"> -Ambiguity of contract -Ambiguity of output specifications -Ambiguity risk distribution -Demarcation within consortium 	<ul style="list-style-type: none"> -Constructive communication between consortium and procurer -Cooperative attitude of procurer -Willingness of project members 	<ul style="list-style-type: none"> -Little cooperation within consortium -Little experience of integrated performance management in consortium -Unwillingness of project members 		
Quality	<ul style="list-style-type: none"> -Clear scope -Contract -Financial incentives -Higher norms -Integrity contract -Long-term commitment -Output specifications -Quantitative output norms 	<ul style="list-style-type: none"> -Ambiguity of output specifications -Inaccuracy in calculating fines 	<ul style="list-style-type: none"> -Early preparation of operation phase -Emphasis on quality in output specifications -Integrity contract 	<ul style="list-style-type: none"> -Inaccuracy in calculating fines -Inconsistent application of fines -Little attention to operation phase during preparation phase -Unwillingness in consortium 	-Reputation	<ul style="list-style-type: none"> -Budget -Technical difficulties

9 Conclusions and Discussion

9.1 Introduction¹²

This study began with the central research question of *what happens to public values in public-private partnerships and what conditions are influential?* In order to shed light on this question, the underlying study considered and compared four DBFMO projects as presented in Chapters 4 to 7, including two infrastructure projects (a highway and a water purification project) and two projects involving buildings to provide public services (a detention center and the renovation of the Ministry of Finance building). In each case, the values of accountability, transparency, responsiveness, responsibility, and quality have been under scrutiny and considered over the preparation, construction and operation phases of the projects. In Chapter 8, the case study findings are described and compared by value in detail. This final chapter presents and discusses the general conclusions (section 9.2), the implications for theory (section 9.3) and practice (section 9.4) and provides suggestions for further research (section 9.5).

9.2 General conclusion

The research findings indicate that whether or not public values are at stake in DBFMO cannot be answered with a simple yes or no. Rather, we have seen that public values can be at stake, safeguarded or strengthened, depending on the project, project phase and the specific (facet of the) public value under scrutiny. For example, while accountability during the preparation phase is safeguarded by contracts and output specifications which lay down the project parameters, accountability when it requires understanding this information is not guaranteed. Furthermore, although accountability early on in the project might be protected by the written instruments, the absence of monitoring could hinder it during the construction and operation phases.

Although DBFMO, including the use of performance contracts, output specifications, and performance monitoring, provides opportunities for

12 Parts of this chapter have been published (Reynaers 2013).

safeguarding public values, it simultaneously provides challenges. For example, the effectiveness of performance monitoring in safeguarding transparency, depends on public servants' management of the procurement and of the contract as well as the actual design and implementation of the monitoring mechanisms. Similarly, although the formulation of output specifications provides opportunities for transparency, its actual contribution depends on the quality of such output specifications as developed by the procurer.

This prompts the question of whether it is the DBFMO structure or the way in which this structure is mastered by public servants that determines what happens to public values in DBFMO. The findings of this study suggest that both are true. The tools provided by DBFMO cause public servants to act in accordance with the DBFMO logic, and in itself this reinforces the effectiveness of the tools and the structure. At the same time, the case studies show that when the design or implementation of those tools is not optimal, their effectiveness in protecting public values is altogether threatened. Depending on the professionalism and resources of the procurer, problems of this nature can be overcome during the project.

The above seems to suggest that the key to success in terms of safeguarding public values lies in the hands, and only in the hands, of public servants. As the findings suggest, this is not true. The DBFMO structure contains complicating elements such as the long-term character of the contract and the output specifications and these will probably always provide challenges that are hard to resolve, even if public servants are very willing to resolve them. By suggesting that procurement and contract management by public servants form the key to success we would give too much credit to the DBFMO structure itself. Besides, overemphasizing the importance of the DBFMO structure and procurement and contract management by the procurer, does not take into account the importance of, for example, the organization, communication, and management on the side of the consortium. In that respect, the case studies demonstrate the limitations of both the DBFMO structure and the management capacity of the procurer as means through which the public values' trajectory can be conditioned. As for the contract and the output specifications, for example,

the case studies indicate that their contribution to the safeguarding of public values is significant but by no means a guarantee.

Indeed, as was demonstrated in Chapter 8, the case studies have identified many other conditions that influence what happens to public values in DBFMO. Table 20 summarized and categorized these conditions in three groups: DBFMO related conditions, human resource related conditions and project related conditions. As pointed out earlier, these conditions all impact each other. The following section discusses the theoretical implications with respect to respectively public values and influential conditions.

9.3 Implications for theory

9.3.1 Public values

The findings of this study contribute to the current public values literature by providing empirical insight on the safeguarding of public values in DBFMO. As pointed out in Chapter 2, ever since the rise of NPM, there have been concerns about the safeguarding of public values in organizational manifestations of the NPM. While some scholars suggest a loss of public values (Collins and Butler 2003; Frederickson 1999; Jacobs 1992; Milward and Provan 2000; Wittmer 2000), others suggest the exact opposite (Hirsch and Osborne 2000; Osborne and Plastrik 1998). The findings of this study show that in relation to DBFMO both camps only hold part of the truth: The research findings indicate that public values can be at stake, safeguarded or even strengthened, depending on the project, project phase and the specific (facet of the) public value under scrutiny (see Chapter 8). As Flinders (2010) suggested, DBFMO projects simply cannot be judged in dichotomous terms as accountable or non-accountable, transparent or non-transparent. The contradictory claims made about the safeguarding of public values actually reflect the reality of public values in DBFMO.

By way of illustration, accountability is not by definition threatened, safeguarded or strengthened in the context of DBFMO. As was suggested by Flinders (2010), DBFMO has a strict accountability mechanism, but the

actual contribution of this mechanism for the safeguarding of accountability, depends on the way in which the mechanism is developed and used in practice. Likewise, Domberger and Jensen's (1997) suggestion that accountability might actually be *better* safeguarded in NPM-inspired governance structures because of the introduction of systematic performance monitoring, the construction and use of service level specifications, and the application of mechanisms that help to prevent or effectively penalize noncompliance only holds true if those mechanisms are indeed used in a correct manner. An organization's lack of experience with DBFMO procurement might hinder the successful development and implementation of such mechanisms.

With respect to transparency, the findings demonstrate that transparency can, on one hand, be safeguarded or even improved within DBFMO while on the other hand it can be at stake. Again, the contradictory claims about transparency in public values literature all contain an element of truth in relation to DBFMO. Although it is certainly not the case that the level of transparency is completely decreased (Bloomfield 2006; Papadopoulos 2007), the financial, juridical and technical complexities do indeed challenge transparency (Grimsey and Lewis 2002; Hood, Fraser and McGarvey 2006). Besides, project information appears not always to be available or accurate (Altshuler and Luberhoff 2003). The findings of this study do not, however, support the suggestion that DBFMO only provides meaningless data (Hood, Fraser and McGarvey 2006) and problems with respect to transparency can be overcome during the project.

The same ambiguous pattern arises in relation to responsiveness. The suggestion that the public sector is no longer in control when it comes to influencing and constructing public policy (Bevir 2010; Flinders 2010; Skelcher 2010) is not fully supported nor fully rejected by the findings of this study. While the influence of public servants remains through the contract itself, the output specifications and through contract management, the contract does not allow for direct intervention in the work of the consortium. In addition, with reference to the suggestion that NPM practices lessen politicians' ability to be responsive (Bovaird 2004), the results of the case studies indicate that their influence is indeed impeded

when it comes to contractual changes and financial cutbacks, as was also suggested by Hodge (2010) and Peters (1997).

In terms of responsibility, the findings of this study neither support nor reject the suggestion that private parties might fail completely in providing public services (Debicki 2003). With some exceptions, consortia in general provide what is expected although the ambiguity in contracts and output specifications does challenge the safeguarding of responsibility and leads to blame games and to the dodging of responsibility (Hood and McGarvey 2002; Brown, Potoski and Van Slyke 2010). The degree to which contracts do, in fact, guarantee compliance, depends greatly on the completeness or quality of the contract. The findings of this study, suggest that, besides the importance of the quality of the contract and output specifications, compliance depends on the attitude or willingness of the consortium to comply.

The findings of this study do not support the quality-shading hypothesis suggested by Box (1999). Although when it comes to quality the procurers do encounter problems, quality seems to be safeguarded or even improved in comparison with traditional projects (Galiani, Gertler and Schargrodsky 2005). The findings of this study also support the claim, put forward by Domberger, Hall and Li (1995) that quality seems to be facilitated or even improved because of output formulation and the introduction of performance monitoring. However, the safeguarding of quality depends on the ability of the procurer to translate their expectations and to monitor and make adjustments in order to match what is provided with what is expected. Furthermore, the research findings support the suggestion that a necessary premise for safeguarding quality is that expectations are well articulated by the procurer and that performance indeed can be measured (Brown, Potoski and Van Slyke 2006, 326; Deakin and Walsh 1996).

9.3.2 Conditions

Section 2.4 in Chapter 2, summarized the conditions that were expected to have an influence, either negative or positive, on public values in organizational manifestations of the NPM. Some of the conditions listed in section 2.4 were indeed visible in this study too, although not always

pointing in the same direction. It is also true, and was demonstrated in section 2.4, that the same condition can have both a positive as well as a negative influence, depending on the specific facet of the public value under scrutiny.

Regarding the shortage of accountability mechanisms as suggested by, amongst others, Deakin and Walsh (1996) and Frederickson and Smith (2003), this study shows that during most preparation phases procurers and consortia do pay sufficient attention to the development of mechanisms for accountability. But the actual implementation and use of these mechanisms is not always effective at the start of the realization and operational phases, although it does improve over time. A shortage of mechanisms is therefore not apparent in this study; The problem is infrequent use of these mechanisms.

With respect to the lack of experience and knowledge of performance monitoring, the findings of this study indicate that there is such a lack, and that it hinders the safeguarding of certain values as was suggested by Peat and Costley (2001). However, the findings also demonstrate that during the project, the quality of performance monitoring by procurers as well as consortia can improve over time and that initial failures can be overcome. The study corroborates the suggestion by Domberger and Jensen (1997), that the actual quality of monitoring varies from project to project. Moreover, as they also suggest, despite irregularities, the presence of a monitoring system, and the obligation to measure performance, does seem to help the safeguarding of several values.

The findings of this study do indeed support the suggestion that due to the juridical, technical and financial complexity of the DBFMO model public values might be at stake (de Bettignies and Ross 2009; Savas 2000; Van Slyke and Hammonds 2003). For example, the case studies have shown that because of the complexity of contracting, the technical requirements and the financial mechanisms employed, procurers depend (in some cases) heavily on external advisors and this harms certain aspects of accountability. The complexity of the financial parameters also harms transparency, as was suggested by Hood, Fraser and McGarvey (2006) and Grimsey and Lewis (2002).

The suggested difficulties in respect of the formulation of service expectations (Brown, Potoski and Van Slyke 2006; Deakin and Walsh 1996), and the influence of those expectations on, for example, quality was indeed evident in this study given that, in most cases, discussions on the output norms arose. The output specifications, however, do not only contain difficult-to-establish norms but also contain some clear norms that are relatively easy to lay down and to establish. In that respect, the introduction of output specifications represents both a change and a challenge for public values.

A similar pattern is discernible in relation to the long-term character of DBFMO projects. As was suggested by Deakin and Walsh (1996), Hodge (2010) and Peters (1997), the long-term nature of the project hinders responsibility. At the same time, however, the long-term contract has also demonstrated that it facilitates certain aspects of transparency.

Finally, with respect to performance related pay, the findings indeed demonstrated that such a mechanism might facilitate, quality, for example, (Osborne and Gaebler 1992). However, the findings also showed that the contribution of performance related pay is not by definition positive given that its effectiveness depends, amongst other things, on the way procurers use fines.

The conditions mentioned above, and discussed earlier in Chapter 2, were related to NPM, privatization and contracting, rather than to DBFMO specifically. For that reason, this study chose an inductive exploratory approach to find out what conditions influence the public values' trajectory in DBFMO. As a result, a more detailed and specific overview of influential conditions for each value was possible and was discussed and summarized in Table 20 (Chapter 8). This table categorizes and summarizes the conditions relating to the DBFMO structure itself, to human resources and to project characteristics. Chapter 8 described in detail the way in which these conditions influence the public values' trajectory. In general, the research findings demonstrate that several DBFMO-related conditions provide opportunities as well as challenges for the safeguarding of public values. Some of the DBFMO-related conditions have a positive and/or negative influence on more than one public value while other conditions

only influence one specific value. The actual influence of these conditions on the public values' trajectory depends on conditions related to human resources and on project related conditions.

As regards the conditions relating to human resources, the findings demonstrated the need for improving the capacity of procurers as project and contract managers. The crucial role of contract and procurement management was also observed in a recent study on DBFMO projects carried out by the Dutch National Court of Audit.¹³ However, better management is a rather vague term and raises the question of what it means in DBFMO? More detailed examination of the second group of influential conditions offers various points for consideration.

The most prominent pointer is to the dependency of procurers on external advisors during the preparation phase. The findings demonstrate the need to develop human capital in terms of procurement management. DBFMO procurement requires new skills and knowledge that apparently, and perhaps understandably, is not yet sufficiently developed in all procuring organizations.

A second point for consideration comes from the actual relationship between the design and the implementation of such tools as the output specifications, the contract, monitoring and financial mechanisms. Whereas a good design is fundamental for the safeguarding of public values, its actual effectiveness is not guaranteed if the design is not followed up with proper use of the above tools throughout the different project phases. The safeguarding of public values is not solely determined at the start of the project when the coordinating mechanisms are developed. Rather, conditions related to the subsequent project phases have their influence on these mechanisms and this can be either positive or negative. Overall, the contract, output specifications, monitoring and financial mechanisms are by no means a guarantee that public values will be protected, given that both the design and the implementation of these components are often flawed.

A further point for consideration is the transition from one phase to another, a potential weak spot in the DBFMO process. This transition

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requires proper guidance in the sense that those responsible for the management of the contract during the build and operational phases must have the skills and knowledge necessary to see the project through to a successful conclusion. When such guidance is absent, the effectiveness of even carefully designed mechanisms can be threatened. In that respect, information management is crucial. Given the long-term character of this style of contracting and the division of the project into several phases, continuity of personnel and resources cannot be taken for granted. Proper information management can mitigate such a lack of continuity.

A fourth and final point is the importance of building a good relationship between the procurer and consortium as well as between consortium members. Although the success of their relationship might already largely depend on the quality of the contract in which the parameters for cooperation are determined, the case studies demonstrate that a pro-active and cooperative working attitude from both sides positively influences the public values' trajectory. The cases also demonstrate the importance of the internal organization of the consortium with respect to the public values' trajectory. When there is no real institutionalized interdependency between consortium partners, the safeguarding of specific public values can be at risk.

The third column of Table 20 sets out project-related conditions. Concerning the type of product, the case comparison provides indications that quality seems better protected in infrastructure projects than in projects involving buildings which house public services or utilities, especially as the operational process in the latter is often more complex and more exposed to user perception. However, it would be unfair to conclude that the project type itself determines what happens to public values. Indeed, although infrastructure projects might be less challenging in terms of protecting quality, this advantage can peter out completely if, for example, contract management is poor. This again underlines the interconnection between the contents of all three categories of conditions.

Taking reputation building as an influential condition, it was suggested that since all four projects were part of a pilot program which provided procurers and consortia with the opportunity to acquire a strong reputation

for DBFMO procurement, then this could have been a positive stimulus for maintaining public values. However, as was also suggested in the case studies, when DBFMO procurement becomes common, this effect might evanesce.

Finally, as with any other type of contract, a relationship between budget and, for example, quality is a plausible one. Ideally, procurers should be able to anticipate what quality will be delivered in return for their investment. With DBFMO this implies that procurers should be able to estimate whether what the consortium is offering is a realistic return for investment. If such estimation were possible, disappointment with the quality delivered might be avoided. However, given the lack of information on costs and margins, it remains questionable whether such advance knowledge of the quality of the finished product can ever be available.

9.4 Implications for practice

This study provides valuable insight on the actual practice of DBFMO projects in terms of public values. Empirical insight into the question of what happens to public values in DBFMO projects and what conditions are of influence provides practitioners with opportunities for optimization.

The findings suggest that procurers should be aware of the limitations of the DBFMO structure as well as of repercussions from human resources issues. In an ideal world, the coordinating mechanisms are designed, implemented and used in such a way that they do help to uphold public values. However, it is questionable whether it is realistic to expect such an optimal relationship between mechanisms and behavior, given the lack of resources when it comes to human capital, time, and money. Overall, it is important for procurers to be aware that the contract, output specifications, monitoring and financial mechanisms are by no means a guarantee that public values will be protected, since the design and implementation of these components is often flawed. Practitioners should be aware that what happens to public values in DBFMO is the outcome of a complex interaction of different conditions and that the process of DBFMO challenges procurers to search constantly for an optimal equilibrium amongst those conditions.

In this constant search for equilibrium, procurers should not focus solely on the preparation of the coordination mechanisms but should oversee the entire project, including the construction and operation. The findings demonstrate that often the two later phases are more or less taken for granted. And it is not sufficient to give equal attention to all three phases at the *outset*. Rather, attention is also needed *during* the construction and operational phases. In the same vein, rather than only evaluating the procurement and construction phases, procurers should show equal interest in the evaluation of the operational phase, since the coordination mechanisms that help the procurer to safeguard public values are put into practice and challenged for many years in that specific phase. Safeguarding public values requires constant attention from the procurer throughout all project phases and DBFMO is by no means a model that allows for the procurer simply to sit back and wait for results. For that reason, it is recommended that every effort is made to retain core personnel who are involved in all three project phases and who can diffuse knowledge of the project throughout the organization.

If DBFMO is here to stay, and politicians and public servants are concerned with safeguarding public values, it is advisable to invest seriously in human capital to improve contracting skills and procurement management. The cases show that dependency on external advisors and the lack of experience and knowledge of contract management creates problems with delivery which are not helped by the inconsistent application of fines nor by shortcomings in financial monitoring, themselves products of inexperience. All of that hinders the safeguarding of public values. As was also observed by the Dutch National Court of Audit, the suboptimal implementation of these mechanisms leaves the procurer in doubt as to whether DBFMO does in fact provide financial advantage.¹⁴

To those in public policy and to practitioners concerned with whether DBFMO allows for the safeguarding of public values, it is clear from this study that it does. But while the structure *can* protect public values, there is

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no guarantee that it *will*. And in establishing what determines the extent to which public values will be safeguarded, Table 20 provides valuable insight. If procurers take into account the relationship between those groups of influential conditions while they are preparing and managing DBFMO projects, the chances are that public values will be protected. A one-dimensional perspective on the project that only considers the DBFMO structure itself, does scant justice to the safeguarding of public values.

A final, but important, remark that should be made is that it is an illusion to think that the values under scrutiny in this study will ever be safeguarded to any full extent. Public values compete with each other and public managers are often obliged to make value trade-offs (De Graaf et al. 2011; Steenhuisen 2009). However, this challenge is not restricted to DBFMO projects alone but manifests itself throughout the public sector and within different organizational structures. Thus, procurement according to DBFMO principles can be considered as a medicine with insurmountable side-effects.

9.5 Future research

In this study, public values have been considered throughout the different project phases. Considering values over time allows for a more nuanced picture of how each value fares within the life span of a project, and the answer to the central question of what happens to public values in DBFMO will be different at different times in the life cycle of the project. This suggests the need for further research since the cases included in this study have only been operational for a few years. In order to arrive at a fuller understanding of the impact of DBFMO on public values, these projects should be evaluated over the full contract period.

Something else that is relevant for future research is the inevitable selection of only a few public values as a basis for this study. Although accountability, transparency, responsiveness, responsibility and quality cover a relevant part of spectrum as described in the public values literature, they are not the only values. The same body of literature, as well as literature on good governance and the integrity of governance, consider other values to be important too. Insight on how different values are threatened,

safeguarded or strengthened in DBFMO would put the findings of this specific study into perspective and might indicate whether the relationship between conditions and values found here is generalizable for other public values.

In addition, since this study focuses only on Dutch DBFMO projects, additional empirical research is needed to establish whether its findings hold for DBFMO projects in other countries. A comparison of international cases that include different sectors and different products would provide a better understanding and enable broader interpretation of these findings and will unravel the similarities, differences, and particularities within and between cases. This current study, one of the first to address public values in DBFMO, provides a valuable touchstone for such comparison.

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Samenvatting

Titel: De impact van publiek-private samenwerking op publieke waarden.

Introductie

Het kabinet Rutte II kondigde op 29 oktober 2012 aan publiek-private samenwerking (PPS) voor de realisatie van publieke dienstverlening en infrastructuur te blijven stimuleren.¹⁵ PPS projecten zijn ook wel bekend onder de naam *Design-Build-Finance-Maintain-Operate* (DBFMO). DBFMO is een vorm van aanbesteding waarbij een publieke opdrachtgever de verantwoordelijkheid voor het ontwerp, de constructie, financiering, het onderhoud en de exploitatie van publieke infrastructuur en dienstverlening overdraagt aan een privaat consortium via een langdurig prestatiecontract.

Hoewel verschillende Angelsaksische landen reeds ervaring met DBFMO (of soortgelijke vormen van aanbesteding) opdeden in de jaren '80, deed DBFMO pas zijn intrede in Nederland halverwege de jaren '90. Onder invloed van het opkomende New Public Management (NPM) dat een zakelijker, kleiner en meer bedrijfsmatig openbaar bestuur voorschrijft, zijn ook Nederlandse overheden op zoek gegaan naar alternatieve organisatievorming zoals privatisering, outsourcing en DBFMO middels welke publieke diensten en producten efficiënter gerealiseerd kunnen worden. Gezien het feit dat de overheid zich in DBFMO terugtrekt als uitvoerder en daarmee de markt kansen biedt om op een efficiëntere en effectievere manier producten en diensten aan te bieden, lijkt DBFMO op het oog inderdaad een organisatievorm welke de overheid in staat stelt winst te behalen in termen van kostenefficiëncy.

Om de prestaties van het consortium te coördineren en controleren, maakt de opdrachtgever gebruik van outputspecificaties waarin wordt aangegeven aan welke eisen de geleverde producten en diensten moeten voldoen. Deze specificaties geven in theorie enkel aan *wat* de opdrachtgever verwacht en laten buiten beschouwing *hoe* het consortium hier invulling aan geeft. Gedurende de bouw en exploitatie worden de prestaties van het

15 Regeerakkoord VVD-PvdA. Bruggen slaan. 29-10-2012.

consortium gemonitord door zowel het consortium als de opdrachtgever. Wanneer de monitoringrapportages een discrepantie tussen het gevraagde en het geleverde aantonen, kan de opdrachtgever het consortium een boete opleggen wat betekent dat de beschikbaarheidsvergoeding die het consortium ontvangt voor zijn prestaties, lager uit zal vallen. Gezien het feit dat het consortium het project zelf financiert, resulteert het opleggen van boetes tot een verbetering van de prestaties. In theorie vormen het contract, de outputspecificaties, de monitoringactiviteiten en de prestatieafhankelijke vergoeding een waterdicht systeem dat de opdrachtgever in staat stelt om de werkzaamheden van het consortium te coördineren en te controleren.

Publieke waarden in het geding?

Hoewel veel studies naar DBFMO zich richten op de vraag of DBFMO inderdaad tot efficiëncywinst leidt, roept deze nieuwe vorm van aanbesteding ook vragen op ten aanzien van de waarborging van andere publieke waarden. Niet zelden wordt verondersteld dat de nadruk op efficiency in de publieke sector de waarborging van bijvoorbeeld verantwoording, transparantie, responsiviteit, verantwoordelijkheid en kwaliteit in het geding brengt. Deze veronderstelling wordt echter in twijfel getrokken door verscheidene auteurs die betogen dat een meer zakelijke aanpak weldegelijk of zelfs meer recht doet aan de waarborging van publieke waarden.

Wanneer we de wetenschappelijke discussie ten aanzien van de waarborging van publieke waarden in relatie tot NPM overzien, valt ten eerste op dat een eenduidig en degelijk empirisch onderlegd antwoord op de vraag of publieke waarden al dan niet in het geding zijn ontbreekt. Daarnaast is het wetenschappelijk debat weinig specifiek in de zin dat er weinig oog is voor de verschillen tussen DBFMO, privatisering en outsourcing. Gezien de significante verschillen tussen deze drie organisatievormen zou het wetenschappelijke debat blijk moeten geven van deze nuance: wat opgaat voor privatisering hoeft immers niet te gelden voor DBFMO of omgekeerd. Bovendien, het geringe aantal empirische studies richt zich vooral op privatisering en outsourcing waarbij DBFMO verrassend genoeg onderbelicht blijft.

Empirisch onderzoek

Het gebrek aan empirisch inzicht ten aanzien van de vraag of publieke waarden al dan niet worden gewaarborgd in DBFMO, vormt het startpunt van deze studie. De centrale onderzoeksvraag luidt: *Wat gebeurt er met publieke waarden in publiek-private samenwerking en welke condities zijn hierop van invloed?* De zinsnede ‘wat gebeurt er met publieke waarden’ verwijst naar het in de literatuur veronderstelde effect van een zakelijker openbaar bestuur op de waarborging van publieke waarden waarbij deze (1) teloor kunnen gaan, (2) in acht worden genomen of (3) zelfs versterkt worden. De zinsnede ‘welke condities zijn van invloed’ verwijst naar de omstandigheden die de levensloop van publieke waarden binnen DBFMO beïnvloeden.

De publieke waarden die in dit onderzoek centraal staan, zijn respectievelijk verantwoording, transparantie, responsiviteit, dienstbaarheid en kwaliteit. Tabel 1 geeft weer hoe deze waarden geoperationaliseerd zijn in deze studie.

Tabel 1. Operationalisatie van de geselecteerde waarden

Waarde	Definitie
Verantwoording	De mate waarin de opdrachtgever in staat is om verantwoording af te leggen over (1) de inhoud van het project in financiële, juridische en technische zin en (2) over de uiteindelijke prestaties van het consortium gedurende de realisatie- en exploitatiefase.
Transparantie	De aanwezigheid en juistheid van juridische, financiële, technische en operationele projectinformatie.
Responsiviteit	De mogelijkheid voor gekozen bestuurders en ambtenaren om de contractuele afspraken en outputspecificaties te kunnen bepalen, beïnvloeden en aanpassen voor en na het sluiten van het contract.
Verantwoordelijkheid	De mate waarin het consortium afspraken volgens het contract en de outputspecificaties nakomt.
Kwaliteit	De mate van tevredenheid van de opdrachtgever in relatie tot de geleverde infrastructuur en de dienstverlening.

De levensloop van deze vijf waarden is bestudeerd middels een viervoudige casestudie. DBFMO projecten zijn in te delen in grofweg drie fasen: een voorbereidende fase waarin het contract en de outputspecificaties worden geformuleerd, de realisatiefase waarin de infrastructuur wordt gerealiseerd, en een exploitatiefase waarbij de infrastructuur daadwerkelijk in gebruik wordt genomen en diensten worden verleend. Om een volledig beeld te

vormen van de levensloop van de geselecteerde waarden is het van belang deze gedurende de verschillende projectfasen te beschouwen. De vier geselecteerde DBFMO projecten voldeden dan ook allen aan het vereiste reeds in de exploitatiefase te zijn. Tabel 2 geeft de kenmerken van de geselecteerde cases weer.

Tabel 2. Kenmerken casus

	Snelweg	Detentiecentrum	Waterzuivering	Ministerie
Product	Constructie, onderhoud snelweg	Constructie, onderhoud, exploitatie detentiecentrum	Constructie, renovatie, exploitatie waterzuiveringsinstallatie	Renovatie, exploitatie Ministerie van Financiën
Sector	Infrastructuur	Utiliteitsbouw	Infrastructuur	Utiliteitsbouw
Opdrachtgever	Rijkswaterstaat (RWS)	Rijksgebouwendienst (RGD)	Hoogheemraadschap Delfland	Rijksgebouwendienst (RGD)
Klant	Rijkswaterstaat divisie Friesland	Ministerie van Veiligheid en Justitie	Hoogheemraadschap Delfland	Ministerie van Financiën

Een documentstudie waarbij projectgerelateerde documenten, zoals basiscontracten, externe en interne evaluaties vormden het startpunt voor de data verzameling. Daarnaast zijn in totaal 69 semi-gestructureerde interviews met 66 betrokkenen afgenomen. Tijdens de interviews is gebruik gemaakt van een topiclijst (Appendix I). Vanwege privacyredenen is er voor gekozen de namen en de functies van de respondenten niet weer te geven in de resultatensectie. Tabel 3 geeft aan hoeveel ambtenaren, consortiumleden of externen geïnterviewd zijn per project.

Tabel 3: Overzicht respondenten per casus

Snelweg	Detentiecentrum	Waterzuivering	Ministerie
Overheid: 12 Consortium: 5 Extern: 1 Totaal: 18	Overheid: 9 Consortium: 2 Extern: 0 Totaal: 11	Overheid: 4 Consortium: 5 Extern: 3 Totaal: 12	Overheid: 10 Consortium: 8 Extern: 7 Totaal: 25

De dataverzameling leverde in totaal 870 pagina's aan documenten op en 230 pagina's (238.000 woorden) aan interviewmateriaal. De data is per casus geanalyseerd door middel van codering. Na de analyse per casus zijn de vier casus met elkaar vergeleken.

Bevindingen en conclusie

Ten aanzien van de vraag of publieke waarden worden gewaarborgd, versterkt of bedreigd, toont de vergelijkende casestudie aan dat deze vraag niet beantwoord kan worden met een simpel ja of nee. Het antwoord op deze vraag verschilt per waarde, waarde aspect, projectfase en project. In relatie tot de tegengestelde assumpties in literatuur, betekent deze uitkomst dat beide kampen, dat wil zeggen, zij die een negatieve dan wel een positieve invloed van DBFMO op de waarborging van publieke waarden verwachten, slechts gedeeltelijk gelijk hebben: de ambiguïteit van de publieke waarden literatuur reflecteert daarmee de empirische bevindingen.

Wat betreft de vraag welke condities van invloed zijn op de levensloop van de verschillende publieke waarden, kan op basis van de casestudies geconcludeerd worden dat (1) DBFMO gerelateerde, (2) Human Resources gerelateerde alsmede (3) projectgerelateerde condities een positieve dan wel negatieve invloed uitoefenen op de waarborging van publieke waarden, en dat hun daadwerkelijke invloed afhankelijk is van de onderlinge dynamiek tussen deze condities (zie Tabel 4).

Tabel 4: Categorisering van condities die van invloed zijn per waarde

	DBFMO		HUMAN RESOURCES		PROJECT	
	POSITIEF	NEGATIEF	POSITIEF	NEGATIEF	POSITIEF	NEGATIEF
Verantwoording	<ul style="list-style-type: none"> -Contract -Opdrachtgever in beperkte mate afhankelijk van externe adviseurs -Projectvoorbereiding 	<ul style="list-style-type: none"> -Financiële complexiteit -Lange termijn karakter project -Verkeerde implementatie monitoringmechanismen 	<ul style="list-style-type: none"> -Externe adviseurs -Samenwerking opdrachtgever en consortium gedurende voorbereidingsfase -Scholing contract managementteamleden 	<ul style="list-style-type: none"> -Beperkt aantal betrokkenen voorbereidingsfase -Opdrachtgever afhankelijk van externe adviseurs -Personele veranderingen per fase -Tekort aan begeleiding overgangsfases -Tekort aan begrip financiële, juridische en technische project-informatie -Tekort aan ervaring contractmanagement -Tekort aan informatie-uitwisseling -Tekort aan kennis contractmanagement -Tekort aan kennis projectvoorbereiding -Tekort aan prestatie-monitoring -Uitstroom personeel 	<ul style="list-style-type: none"> -Pilot project 	

	DBFMO		HUMAN RESOURCES		PROJECT	
	POSITIEF	NEGATIEF	POSITIEF	NEGATIEF	POSITIEF	NEGATIEF
Transparantie	<ul style="list-style-type: none"> -Contract -Externalisatie -Integraal contract -Integrale prestatie-monitoring -Lange termijn contract -Lange termijn planning financiën -Monitoring -Outputspecificaties -Project voorbereiding -Samenhang output specificaties en financieel mechanisme 	<ul style="list-style-type: none"> -Ambigüiteit van contract -Ambigüiteit van output specificaties -Incompleet contract -Lange termijn planning financiën -Outputspecificaties -Subjectiviteit monitoring rapporten -Te veel aan informatie 		<ul style="list-style-type: none"> -Late start ontwerp monitoringmechanisme -Suboptimaal gebruikmaking monitoring-mechanisme -Tekort aan aandacht voor monitoring in voorbereidingsfase -Tekort aan ervaring formulering output specificaties -Tekort aan kennis financiële projectaspecten -Verkeerde implementatie monitoringmechanisme 	<ul style="list-style-type: none"> -Kwantitatieve output normen -Reputatie 	

	DBFMO		HUMAN RESOURCES		PROJECT	
	POSITIEF	NEGATIEF	POSITIEF	NEGATIEF	POSITIEF	NEGATIEF
Responsiviteit	<ul style="list-style-type: none"> -Contractuele clausules die ingrijpen/overname toestaan -Invloed met betrekking tot formulering output specificaties en contract -Ruimte voor contractuele verandering -Uitsluiten van essentiële taken in contract 	<ul style="list-style-type: none"> -Doelverschuiving -Lange termijn contract -Lange termijn planning financiën -Tijdrovende implementatie -contractuele wijzigingen 	<ul style="list-style-type: none"> -Opdrachtgever in beperkte mate afhankelijk van externe adviseurs -Samenwerking opdrachtgever en externe adviseurs voorbereidingsfase 	<ul style="list-style-type: none"> -Opdrachtgever afhankelijk van externe adviseurs -Tekort aan ervaring formulering output-specificaties 		
Verantwoordelijkheid	<ul style="list-style-type: none"> -Contract -Interface overeenkomst -Outputspecificaties -Risicosessies 	<ul style="list-style-type: none"> -Ambigüiteit van contract -Ambigüiteit van output specificaties -Ambigüiteit van risico verdeling -Demarcatie consortium 	<ul style="list-style-type: none"> -Constructieve communicatie tussen opdrachtgever en consortium -Coöperatieve houding opdrachtgever -Welwillendheid opdrachtgever en consortium 	<ul style="list-style-type: none"> -Gebrek aan ervaring integraal project management consortium -Gebrek aan samenwerking consortium -Onbereidwillig consortium 		

	DBFMO		HUMAN RESOURCES		PROJECT	
	POSITIEF	NEGATIEF	POSITIEF	NEGATIEF	POSITIEF	NEGATIEF
Kwaliteit	<ul style="list-style-type: none"> -Contract -Financiële prikkels -Heldere scope -Hogere normen -Integraal contract -Lange termijn verbintenis -Outputspecificaties 	<ul style="list-style-type: none"> -Ambigüiteit output specificaties -Niet accurate berekening boetes 	<ul style="list-style-type: none"> -Integraal contract -Nadruk op kwaliteit in output specificaties -Vroege voorbereiding exploitatie fase 	<ul style="list-style-type: none"> -Gebrek aan aandacht voor exploitatie in voorbereidingsfase -Inaccurate berekening boetes -Inconsistente toepassing boetes -Onbereidwilligheid consortium 	<ul style="list-style-type: none"> -Kwantitatieve output normen -Reputatie 	<ul style="list-style-type: none"> -Budget -Technische problemen

Appendix I Documents

PPPs in General

Voortgangsrapportage PPS 2004. Van incidenteel naar structureel. Available through: www.ppsbijhetrijk.nl (date of access 21-5-2013).

Voortgangsrapportage PPS 2007 en vooruitblik 2008. Samen werken aan meerwaarde. Available through: www.rijksoverheid.nl (date of access 21-5-2013).

RGD. Ministerie van Volkshuisvesting Ruimtelijke Ordening en Milieubeheer. Verslag congres. PPS: ervaringen met rijkshuisvesting (2008) (not public).

Rijkswaterstaat. Rijksbrede modelovereenkomst DBFM infrastructuur (2012). Available through: www.ppsbijhetrijk.nl (date of access 29-6-2012).

Rijksgebouwendienst. Rijksbrede modelovereenkomst DBFMO huisvesting (2012). Available through: www.ppsbijhetrijk.nl (date of access 29-6-2012).

The Highway

Buck Consultants International. Evaluatie DBFM Rijksweg 31 (2004). Available through: www.pianoo.nl (date of access 29-6-2012).

Rijkswaterstaat. DBFM-N31. Tussentijdse procesevaluatie realisatiefase. Available through: www.pianoo.nl (date of access 29-6-2012).

The Detention Center

VROM. RGD. Inputspecificaties PPS DC Rdam Airport (2007) (not public).

VROM. RGD. Leidraad aanbesteding. PPS Detentiecentrum Rotterdam Airport (2006) (not public).

VROM. RGD. Leidraad dialoog. PPS Detentiecentrum Rotterdam Airport (2007) (not public).

Toelichting Monitoring en Betalingsmechanisme PPS Detentiecentrum Rotterdam Airport (not public).

Ministerie van Financiën. De toepassing van Publiek Private Samenwerking op een Nederlandse gevangenis. Een verkennende argumentatie (2003). Available through: www.ppsnetwerk.nl (date of access 29-6-2012).

PowerPoint presentations provided by respondents (not public).

Inspectie voor de Sanctietoepassing. Ministerie van Veiligheid en Justitie. Detentiecentrum Rotterdam. Inspectierapport doorlichting (2012). Available through: www.ist.nl (date of access 29-6-2012).

Copies of the Output specifications provided by respondents (2012) (not public).

The Wastewater Project

CBP. Calamiteiten bestrijdingsplan. Uitval afvalwaterzuivering. Available through: www.hhdelfland.nl (date of access 29-6-2012).

Boer&Croon. Delfland-Delfluent Discussiedocument analyse DBFO-contract. Available through: www.hhdelfland.nl (date of access 29-6-2012).

Hoogheemraadschap van Delfland. Samenvatting analyserapportages DBFMO Contract Delfland-Delfluent (2001). Available through: www.hhdelfland.nl (date of access 29-6-2012).

Hoogheemraadschap van Delfland. Werken aan en op de Harnaschpolder (2007) (not public).

RIVM. Gezondheidsklachten bij RWZI Harnaschpolder (2007). Available through: www.rivm.nl (date of access 29-6-2012).

Unie van Waterschappen. Bedrijfsvergelijking Zuiveringsbeheer (2009). Available through: www.hhdelfland.nl (date of access 11-07-2012).

Hoogheemraadschap van Delfland. Onze behoefte: weg naar schoon water (2006)(not public).

Project evaluations and reportages consortium (not public).

PowerPoint presentations provided by respondents (not public).

The Ministry of Finance

RGD. Ministerie van Financiën. Evaluatie van het gebruik van een digitaal model voor de Outputspecificatie en het Verificatiemodel. Project PPS Renovatie Financiën (2007). Available through: www.psibouw.nl (date of access 29-6-2012).

Ministerie van Financiën. Projectdirectie Eigentijds Werken. Evaluatierapport Europese aanbesteding PPS renovatie Financiën (2006). Available through: www.rijksoverheid.nl (date of access 29-6-2012).

VROM. RGD. SMAAK. Blad voor de Rijkshuisvesting (2009). Available through: www.issuu.com (date of access 29-6-2012).

PowerPoint presentations provided by respondents (not public).

Appendix II Topic list

Introduction study

Role of respondent in project

Accountability

Preparation phase

Construction phase

Operation phase

Transparency

Preparation phase

Construction phase

Operation phase

Responsiveness

Preparation phase

Construction phase

Operation phase

Responsibility

Preparation phase

Construction phase

Operation phase

Quality

Preparation phase

Construction phase

Operation phase

Final comments

Suggestions for documents

Suggestions for new interviewees

